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Kaiser Permanente Medical Care Program Oral History Project

John G. Smillie, M.D.

HISTORY OF THE KAISER PERMANENTE MEDICAL CARE PROGRAM

An Interview Conducted by
Ora Huth
in 1985

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JOHN G. SMILLIE, M.D.

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PREFACE

Background of the Oral History Project

The Kaiser Permanente Medical Care Program recently observed its fortieth anniversary. Today, it is the largest, one of the oldest, and certainly the most influential group practice prepayment health plan in the nation. But in 1938, when Henry J. and Edgar F. Kaiser first collaborated with Dr. Sidney Garfield to provide medical care for the construction workers on the Grand Coulee Dam project in eastern Washington, they could scarcely have envisioned that it would attain the size and have the impact on medical care in the United States that it has today.

In an effort to document and preserve the story of Kaiser Permanente's evolution through the recollections of some of its surviving pioneers, men and women who remember vividly the plan's origins and formative years, the Board of Directors of Kaiser Foundation Hospitals sponsored this oral history project.

In combination with already available records, the interviews serve to enrich Kaiser Permanente's history for its physicians, employees, and members, and to offer a major resource for research into the history of health care financing and delivery, and some of the forces behind the rapid and sweeping changes now underway in the health care field.

A Synopsis of Kaiser Permanente History

There have been several milestones in the history of Kaiser Permanente. One could begin in 1933, when young Dr. Sidney Garfield entered fee-for-service practice in the southern California desert and prepared to care for workers building the Metropolitan Water District aqueduct from the Colorado River to Los Angeles. Circumstances soon caused him to develop a prepaid approach to providing quality care in a small, well-designed hospital near the construction site.

The Kaisers learned of Dr. Garfield's experience in health care financing and delivery through A. B. Ordway, Henry Kaiser's first employee. When they undertook the Grand Coulee project, the Kaisers persuaded Dr. Garfield to come in 1938 to eastern Washington State, where they were managing a consortium constructing the Grand Coulee Dam. Dr. Garfield and a handful of young doctors, whom he persuaded to join him, established a prepaid health plan at the damsite, one which later included the wives and children of workers as well as the workers themselves.

During World War II, Dr. Garfield and his associates--some of whom had followed him from the Coulee Dam project--continued the health plan, again

at the request of the Kaisers, who were now building Liberty Ships in Richmond, California, and on an island in the Columbia River between Vancouver, Washington and Portland, Oregon. The Kaisers would also produce steel in Fontana, California. Eventually, in hospitals and field stations in the Richmond/Oakland communities, in the Portland, Oregon/Vancouver, Washington areas, and in Fontana, the prepaid health care program served some 200,000 shipyard and steel plant employees and their dependents.

By the time the shipyards shut down in 1945, the medical program had enough successful experience behind it to motivate Dr. Garfield, the Kaisers, and a small group of physicians to carry the health plan beyond the employees of the Kaiser companies and offer it to the community as a whole. The doctors had concluded that this form of prepaid, integrated health care was the ideal way to practice medicine. Experience had already proven in the organization's own medical offices and hospitals the health plan's value in offering quality health care at a reasonable cost. Many former shipyard employees and their families also wanted to continue receiving the same type of health care they had known during the war.

Also important were the zeal and commitment of Henry J. Kaiser and his industry associates who agreed with the doctors about the program's values and, despite the antagonism of fee-for-service medicine, were eager for the success of the venture. Indeed, they hoped it might ultimately be expanded thoughout the nation. In September, 1945, the Henry J. Kaiser Company established the Permanente Health Plan, a nonprofit trust, and the medical care program was on its way.

Between 1945 and the mid-1950s, even as membership expanded in California, Oregon, and Washington, serious tensions developed between the doctors and the Kaiser-industry dominated management of the hospitals and health plan. These tensions threatened to tear the Program apart. Reduced to the simplest form, the basic question was, who would control the health plan--management or the doctors? Each had a crucial role in the organization. The symbiotic relationship had to be understood and mutually accepted.

From roughly 1955 to 1958, a small group of men representing management and the doctors, after many committee meetings and much heated debate, agreed upon a medical program reorganization, including a management-medical group contract, probably then unique in the history of medicine. Accord was reached because the participants, despite strong disagreements, were dedicated to the concept of prepaid group medical practice on a self-sustained, nonprofit basis.

After several more years of testing on both sides, a strong partnership emerged among the health plan, hospitals, and physician organizations. Resting on mutual trust and a sound fiscal formula, the Program has attained a strong national identity.

The Oral History Project

In August 1983, the office of Donald Duffy, Vice President, Public and Community Relations for Kaiser Foundation Health Plan and Hospitals, contacted Willa Baum, director of the Regional Oral History Office, about a possible oral history project with twenty to twenty-four pioneers of the Program. A year later the project was underway, funded by Kaiser Foundation Hospitals' Board of Directors.

A project advisory committee, comprised of seven persons with an interest in and knowledge of the organization's history, selected the interviewees and assisted the oral history project as needed. Donald Duffy assumed overall direction and Darlene Basmajian, his assistant, served as liaison with the Regional Oral History Office. Committee members are John Capener, Dr. Cecil Cutting, Donald Duffy, Robert J. Erickson, Scott Fleming, Dr. Paul Lairson, and Walter Palmer.

By year's end, ten pioneers had been selected and had agreed to participate in the project. They are Drs. Cecil Cutting, Sidney Garfield, Raymond Kay, Clifford Keene, Ernest Saward, and John Smillie, and Messrs. Frank Jones, George Link, Eugene Trefethen, Jr., and Avram Yedidia.

By mid-1985 an additional ten had agreed to participate. They are: Drs. Morris Collen, Wallace Cook, Alice Friedman, Benjamin Lewis, Sam Packer, Bill Reimers, Harry Shragg, and David Adelson, Lambreth (Handy) Hancock, and Berniece Oswald.

Plans to interview Dr. Garfield and Dr. Wallace Neighbor, who had been at Grand Coulee with Dr. Garfield, were sadly disrupted by their deaths a week apart in late 1984. Fortunately, both men had been previously interviewed. Their tapes and transcripts are on file in the Central Office of the medical care program. Similarly the project lost Karl Steil due to his lengthy illness and death in 1986.

The advisory committee suggested 1970 as the approximate cutoff date for research and documentation, since by that time the pioneering aspects of the organization had been completed. The Program was then expanding into other regions, and was encountering a new set of challenges such as Medicare and competition from other health maintenance organizations.

Research

Kaiser Permanente staff and the interviewees themselves provided excellent biographical sources on each interviewee as well as published and unpublished material on the history of the Program. The collected papers of Henry J. Kaiser on deposit in The Bancroft Library were also consulted. The oral history project staff collected other Kaiser Permanente publications, and started a file of newspaper articles on current health care topics. Most of this material will be deposited in The Bancroft Library with the oral history volumes. A bibliography is located at the end of the volume.

To gain additional background material for the interviews, the staff talked to five Kaiser Permanente physicians in northern California, two of whom had left the program years ago: Drs. Martin Abel, Richard Geist*, Ephraim Kahn*, James Smith*, and William Bleiberg*. James De Long* in Portland, and William Green*, William Allen*, and Dr. Toby Cole* in Denver talked about the history of their regions. In addition, Peter Morstadt*, formerly executive director of the Denver Medical Society discussed the attitude of the Medical Society toward Kaiser Permanente's years in Denver.

The staff also sought advice from the academic community. James Leiby, a professor in the Department of Social Welfare at UC Berkeley and an advocate of the oral history process, suggested lines of questioning related to his special interest in the administration of and relationships within public and private social agencies. Dr. Philip R. Lee, professor of social medicine and director of the Institute for Health Policy Studies at the University of California Medical School, proposed questions concerning the impact of health maintenance organizations on medical practice in the United States.

Organization of the Project

The Kaiser Permanente Oral History Project staff, comprised of Malca Chall, Sally Hughes, and Ora Huth, met frequently throughout 1985 to assign the interviews, plan the procedures and the time frame for research, interviewing, and editing, and to set up a master index. Interviews with the first nine pioneers took place between February and June, 1985, and with the second group between February and December, 1986. The transcripts of the tapes were edited, reviewed by the interviewees, typed, proofread, indexed, copied, and bound. The entire series will be completed during 1987.

Summary

This oral history project traces, from various individual perspectives, the evolution of the Kaiser Permanente Medical Care Program from 1938 to 1970. Each interview begins with a discussion of the individual's family background and education--those tangible and intangible forces that shaped his or her life. The conversation then shifts to the interviewee's participation in and observation of significant events in the development of the health plan. Thus, the reader is treated not only to facts on the history of the Program, but to opinions about the personal qualities of the men and women--doctors, other health care professionals, lawyers, accountants, and

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*Tapes of these interviews have been deposited in the Microforms Division of The Bancroft Library.

businessmen--who, often against great odds, dedicated themselves to the development of a health care system which, without their commitment and skills, might not have resulted in the individual and organizational achievements that the Kaiser Permanente Medical Care Program represents today.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to the development of the West. The office is headed by Willa K. Baum and is under the administrative supervision of James D. Hart, the director of The Bancroft Library.

Malca Chall, Director
Kaiser Permanente Medical Care Program
Oral History Project

23 January 1987
Regional Oral History Office
Berkeley, California

INTERVIEW HISTORY

John Graham Smillie is remembered for his distinguished career as a valued leader and pediatrician in the Kaiser Permanente Medical Care Program. Known as "Jack" Smillie by most associates, his remarkable life story includes service as a much loved physician, a respected administrator, an effective lobbyist, and a credible historian of the program. During twenty-two years as an administrator, he served as chief of the Department of Pediatrics and physician-in-chief for Kaiser Permanente at San Francisco, and as assistant to the program's executive director, Dr. Cecil Cutting, in the Central Office in Oakland. Known for his prescience and exceptional communication skills, he was appointed government relations representative by the six regional medical directors, with a desk in the Central Office and lobbying duties in Washington, D.C. Retired in 1981, he has continued consulting--since the lobbying days--for the Office on Health Maintenance Organizations (HMOs) in the U.S. Department of Health, Education and Welfare (HEW), and as a consultant on compliance with California's Knox-Keene Act regulating HMOs in California. As well, Dr. Smillie holds membership in many professional organizations, and has held key positions in the Group Health Association of America and the American Group Practice Association. His devotion to civic causes continues today as he functions in leadership roles for several public and community programs in his hometown, Carpinteria, and its environs.

Dr. Smillie was born in Eaton, Colorado, on April 27, 1917, the younger of two sons of a school teacher mother and a farmer father. Economic reversals when he was eight years old relocated the family to southern California, where their circumstances improved, and he graduated from San Fernando High School. With an interest in the biological sciences and physician role models in the family, he enrolled in premed at the University of California at Los Angeles in 1934. Later, enrollment in the University of Southern California (USC) Medical School and its internship program at the Los Angeles County General Hospital introduced him to key Kaiser Permanente pioneers and role models, Drs. Sidney Garfield, Morris Collen, and Alvin Sanborn. In his memoir, Dr. Smillie describes with affection his "best" USC instructor and mentor, Dr. Raymond Kay, later a Kaiser Permanente leader in southern California, whose counseling was pivotal to his decision to join Kaiser and forgo affiliation with a prospering fee-for-service pediatrics group. Also contributing to this determination were his experiences while commanding a team of practitioners in a medical hospital ship platoon in the South Pacific and the Philippines during World War II. All through his history, particularly in connection with his wartime experiences, Dr. Smillie, with characteristic wit and good humor, relates some delightful vignettes about unusual people, places, and happenings.

The interviews were recorded on March 28 and 29, 1985, at Dr. Smillie's home at Canyon Vista Ranch in Carpinteria. An outline presenting the scope and topics to be covered was sent in advance, and appropriate sections were discussed and adjusted before the interviews. During the pre-interview conference, it was revealed that as a pediatrician at Kaiser Permanente at San Francisco Dr. Smillie had cared for the interviewer's youngest daughter, Carol, during her first year of life, and that the interviewer had been a participant in Dr. Smillie's group sessions for new mothers in 1959. The interviews took place in a small breakfast room partially surrounded by windows with a view of the coastal foothills, and with participants seated side-by-side at an antique round oak table. Beginning at approximately 10:00 a.m. both days, they averaged approximately three and one-half hours in length, with one and one-half hour lunch breaks. Jack Smillie and his gracious wife, Ruthie, were congenial hosts for lunch each day at a local gourmet Mexican restaurant, where they were well-acquainted with the owners. At lunch they recalled memorable people, especially Dr. Garfield's widow, Helen Peterson Garfield, and Dr. Cutting's wife, Millie. Ruthie Smillie gave an account of her duties as bulletin editor for "Garfield's Girls," a social group established by the wives in the days when their physician husbands were pariahs to the medical societies.

Lunch the first day was followed by a short tour to view the ocean beach cottage rented years earlier by the Smillie family from Ruthie Bliss Smillie's parents--while Dr. Smillie's father completed work for a teaching credential in Santa Barbara. Back from lunch the second day, the Smillies conducted a tour of their five-acre ranch, primarily the three and one-half acre Haas avocado section. It included a walk through a workroom where Mrs. Smillie kept recent clippings on California coastal conservation, a cause determined to have been of mutual interest to the interviewer and the Smillies over the years. With the interviews completed, Mrs. Smillie provided a tour of their elegant, vintage home, her family home since birth, including a glimpse of Dr. Smillie at work at his computer in his book-lined study where he was putting together the final chapters of his book on the history of the Kaiser Permanente Medical Care Program. Dr. Smillie received the lightly edited transcript in two sections. In his careful review, he made no substantive revisions, only minor changes to correct spelling, for clarity of meaning, and for accuracy and refinement.

As a pediatrician, Dr. Smillie achieved an early reputation as an innovator when he discovered that it was costly and disruptive to keep children with 103 degree temperatures overnight at the Los Angeles County hospital, because most were normal in the morning, and they did as well or better at home. The same practice, that also included penicillin shots, was turned around at Kaiser, where he also found it was unnecessary to see babies every month during their first year, and that they thrived without being on the strict regimen he gave out to mothers in his early days there.

In his story Dr. Smillie gives an overview of his varied roles, posts, and pursuits over the years, while also providing the reader with a sense of his tremendous energy, unquestioned integrity, and steadfast character as he worked towards preset goals. For example, he describes his aspirations early in his distinguished career with Kaiser Permanente and efforts to achieve them:

> I had a goal. I knew San Francisco would grow and become a major medical center of the program, and I had hoped to build up a pediatrics staff of about ten pediatricians, and start a residency training program in pediatrics, and train young doctors to be good pediatricians. That was my major lifetime goal. . .The only problem was that we achieved that. . .goal before 1960, probably within fifteen years. I was still a very young doctor, . . .[and] I had already achieved what I'd set out to do in the first place.

Ora Huth
Interviewer-Editor

2 March 1987
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Berkeley, California 94720

BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name: John Graham Smillie

Date of birth: April 27, 1917 Place of birth: Eaton, Colorado

Father's full name: James Dickson Smillie

Birthplace: Eaton, Colorado

Occupation: Farmer, Teacher (grade school)

Mother's full name: Anna Dale Graham

Birthplace: Richland, Indiana

Occupation: Teacher (grade school)

Where did you grow up ? Eaton Colorado - First 8 years
Mostly San Fernando valley, California

Present community: Carpinteria (Santa Barbara County) California

Education: B.S. at U.C.L.A - 1938 M.D. Univ. of Southern California 1943

Occupation(s): Physician - Pediatrics - 1949 - 1977
Medical Systems Manager 1961 - 1980 all with The Permanente Medical Group - Kaiser Foundation Health Plan / Hospitals

Special interests or activities: Medical Care Delivery, Medical Group Management

I FAMILY BACKGROUND AND EDUCATION, 1917 TO 1943

##

Huth: I'd like to start with your personal history, beginning with when and where you were born.

Smillie: I was born on April 27, 1917, in Eaton, Colorado. My father was a farmer in Eaton, and the son of a farmer businessman. He was also born in Eaton, Colorado. He was the first non-Indian child, white child, born in Colorado.

Huth: In what part of Colorado is Eaton?

Smillie: Well, if you read James Michener's book Centennial, that's about where I was born. Eaton, Colorado is north of Greeley, Colorado--about six miles north--and about sixty miles north of Denver, towards Cheyenne.

Huth: Is it near Fort Collins?

Smillie: It's east of Fort Collins--about fifteen miles.

Huth: I was born in Fort Collins.

Smillie: You're kidding.

Huth: [laughs] No.

Smillie: Wonderful! You should know where Eaton is then.

Huth: I should, but we left when I was three.

Smillie: I left when I was eight. My grandfather Smillie was a businessman in Eaton. He had a hardware store there, which is still operating, by the way, as a hardware store. And my grandfather Graham, on my mother's side, lived in Greeley. He was a businessman, and he also was a farmer.

##This symbol indicates that a segment of tape has begun or ended. For a guide to the tapes, see page 136.

Family Role Models For Medical Studies

Smillie: My great-uncle, Frank Graham, in Greeley, was a physician--a family practitioner there. My father was the oldest of seven children, and the second child, my uncle Wilson G. Smillie, was a physician. He went to Harvard Medical School, and went into public health. He was a professor of public health at Cornell Medical School for many years, and he wrote several books.

Some of the things in Sinclair Lewis' book Arrowsmith coincide with my Uncle Wilson's career very closely. Sinclair Lewis knew my uncle and knew of his career. So it's kind of interesting that some of those events coincided with his career. Anyhow, I had role models in my family on both sides to become a physician, and I can't ever remember not wanting to be a physician--from my very earliest days.

I started school in Ault, Colorado. I went there two years, and then, like the present day situation, when everybody else was fairly prosperous the farmers were having difficulty.

Huth: Was that in the depression years?

Smillie: It was before the depression. It was 1925. My father went bankrupt farming in Eaton, and we moved to California. My mother had a teacher's credential, and she got a position teaching in a little school in Pacoima, California. And we lived in Van Nuys for several years.

I finished grade school at San Fernando Morningside Grammar School, and I went to high school for all six years at San Fernando High in San Fernando, California. After that I enrolled in UCLA [University of California at Los Angeles], in a premed course.

Huth: No time off in between?

Smillie: No time off in between.

Huth: Did you work in high school? Did you have any jobs?

Smillie: No. Nearly every summer vacation we went back to Colorado to visit relatives and friends, so I did work on my uncle's farm there, east of Greeley, Colorado. But not for income, not for pay.

At UCLA I mostly hit the books. I was in premed from the very beginning. I went four years, and I got a bachelor of science degree at UCLA, and I was admitted to the University of Southern California (USC) Medical School in 1938. At UCLA, though, before I graduated, I did play in the UCLA band.

Huth: What did you play?

Smillie: The clarinet. And I also was a member of the fraternity, Theta Chi, and I lived on campus rather than at home.

Huth: Were you already playing the clarinet in high school?

Smillie: Yes, I played in the band at San Fernando High, and among other things, I remember I marched in the Rose Bowl parade for several years, as a member of the San Fernando High School band. We got to go to the Rose Bowl game, and one game I will never forget was the University of California-Georgia Tech game when Roy Riegals ran the wrong way. He was known ever after as "Wrong Way Riegals."

Kaiser Permanente Contacts As A Student and Intern, Early 1940s

Smillie: I went to USC Medical School, and it was there I first encountered a number of people that I came to know in the Kaiser Permanente program. Dr. Sidney Garfield came to the Los Angeles County General Hospital as a sort of a super resident. This was during the time when he was running the program up at Grand Coulee Dam, and it must have been about 1940, '41. I remember he gave us some lectures in surgery--as third year medical students.

Dr. Morrie [Morris] Collen was a resident on the wards at Los Angeles County hospital, and as a medical student I worked under him.* And Dr. [Alvin] Sanborn, who later became the medical director at Fontana, also was a resident in medicine, under whom I worked as a medical student--as a clinical clerk. So I learned some things from three people who were later to be role models for me in the Permanente program.

Huth: May I ask what a clinical clerk is?

Smillie: Essentially a medical student who works up patients, writes up histories and physicals, and does laboratory work.

Huth: Like an assistant?

Smillie: Yes. And then they follow the interns and residents in assisting them on rounds, and they are asked questions that help in their training and their education in that particular field.

---

*Morris (Morrie) Collen, M.D., The History of the Kaiser Permanente Medical Care Program, an oral history interview in progress, Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

Huth: Did you learn how to approach patients, and also get some ward experience?

Smillie: Yes. This is the clinical training that third year medical students get. My four years as a medical student was cut a little bit short because of the war. They speeded up the internship-residency years, and so I began my internship in April of 1942, at Los Angeles County General Hospital.

However, I stayed until July of 1943, and it was during that time that I had two separate one-month services on pediatrics, which I enjoyed immensely.

Huth: I don't understand what those two one-month services were.

Smillie: We had rotating services. We would go from medicine, to surgery, to pediatrics, to psychiatry in one month periods. And because I had an extra two months, I spent two months on pediatrics, which I liked.

Huth: Where it ordinarily would have been one month?

Smillie: Yes. But of the twelve months, I had, I think, three months of medicine, and one of those months, I recall very vividly, was spend on the diabetes service, and Dr. Raymond Kay was my attending physician during that time.* It was probably the best service I had during the twelve months, even though I liked pediatrics better. I learned a lot from Dr. Kay.

He was in private fee-for-service practice at the time, which I'm sure he didn't like very much because he spent about half his time at the hospital. And if we got a patient in a diabetic coma, Dr. Kay was just as likely to stay up all night with the interns and residents as we were. I had a busy month because I was on call every other night, and I had a patient in a coma every time I was on call, so I saw a lot of Dr. Kay.

In July of 1943, I was taken into the Army Medical Corps. I should say that when I signed up for the Army Medical Corps I had an examination, a physical examination, which was done by then First Lieutenant Sidney R. Garfield. He was the army doctor who examined me for my army physical.

I didn't realize that, I didn't remember it, until I came home here to Carpinteria after retirement. I was looking through some of my old papers, and I got out this copy of my army physical and found that it had been signed by Dr. Garfield.

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*Raymond M. Kay, M.D., The History of the Kaiser Permanente Medical Care Program, an oral history interview conducted 1985-1986, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

Smillie: When I began to write the history of the Permanente Medical Group, I had some little doubts that Dr. Garfield ever had been in the army.* And when I found this record of my own physical, I had no more doubts. We'll get into more about Dr. Garfield and the army perhaps later.

Unusual Family Members

Huth: I want to go back a little, back into family, and ask about brothers and sisters. Were you an only child?

Smillie: Oh, no, I had an older brother who was six years older than I, and therefore we didn't have all that much in common. He is not at all interested in medicine. And after helping our father on the farm and the farm failed, he wasn't at all interested in farming.

He graduated from Van Nuys High School in the San Fernando Valley, where he didn't have an outstanding scholastic record, but he was a center on the football team, and a catcher on the baseball team. He had some very good friends, one of whom was a fellow named Scotty Drysdale who became the father of Don Drysdale, a world famous pitcher for the Los Angeles Dodgers. Scotty spent a lot of time at our house, and I remember Scotty very well--a marvelous guy.

Dick, my brother, went to Oregon State, where he graduated in landscape architecture. It was James Dickson, not Richard. It was Dick, for Dickson. He went to Oregon State College in Corvallis, Oregon. He graduated in 1933, which was a year before I graduated from high school. He had great difficulty getting a job.

Huth: Wasn't that one of the depression years?

Smillie: Yes, in the depression years--1933. And he sort of bummed around the West for a while. Among the people that he picked up as friends when he was bumming was a fellow named Lee Metcalf from Montana. And Lee Metcalf later went to Stanford Law School, and then back to Montana. He was elected to the House of Representatives in Washington, and later he became a U.S. Senator from Montana. Lee Metcalf was a lifelong friend of the Smillie family because of the relationship at that time.

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*John Smillie, M.D., A History of the Permanente Medical Care Group and the Kaiser Foundation Health Plan, (unfinished manuscript in draft form).

Smillie: My uncle, my father's youngest brother, Ed, also bummed around with my brother Dick. Ed, Lee, and Dick worked in the wheat fields in eastern Washington during the depression, and they were paid a dollar a day. They had to pay back to their employers 90 cents a day for their room and board, so they made the magnificent amount of 10 cents a day for pin money.

After about a year of this, Dick got a job as a designer of state parks for the state of Oregon--using his landscape architecture education. He worked with the CCC, Civilian Conservation Corps, which was one of President [Franklin D.] Roosevelt's initiatives during the depression. Most of the parks on the West Coast of Oregon were designed by my brother, Dick. If you've ever seen those state parks--

Huth: Oh, yes, they're beautiful.

Smillie: They're beautiful. He designed them and helped in the construction of those parks, so we're very proud of that accomplishment.

Huth: I don't think any other state, at least on the coastline, has as nice parks. Beautiful.

Smillie: He went into the army in 1940. He was a reserve officer through his ROTC at Oregon State. He went into the Corps of Engineers, and served in Europe during World War II.

Huth: Was he there for a long time?

Smillie: Most of the time.

Huth: About how many years?

Smillie: I think he served in Europe from 1943. He went to England first. Then he went into the Continent in 1944, and he came home in 1945, after V-E Day. And then he stayed in the army until 1948. He was stationed at Fort Lewis in Tacoma, Washington. He was a lieutenant colonel when he retired from the army.

Huth: In any of your army time, did you ever spend any time in some of the same places?

Smillie: No, because I was always in the Pacific theatre.

Huth: The opposite side. That's one brother. Did you have any other brothers and sisters?

Smillie: No, no sisters. We were the only two children in our family.

Huth: And did you have cousins?

Smillie: I had lots of cousins because my father had six brothers and sisters. He had four brothers and two sisters. Wilson George, who was the doctor. Ernest was a veterinarian. Aubrey was a rancher in the Rocky Mountains of Colorado, in Granby, Colorado. Ed was sort of a soldier of fortune. He was the youngest one.

Huth: And that's the one that went with your brother?

Smillie: Yes, he's the one who went with my brother in 1933. And then there were two sisters. The older sister was Gina, for Georgina, who was a dietician. And the other was Evelyn, who was a teacher. I believe Ernest, and Gina, and Evelyn, and Aubrey all went to Iowa State College in Ames, Iowa. Ed never went to college. But he was a happy-go-lucky person who lived a marvelously happy life until the day he died.

Huth: Your brother went on to do such interesting things. Did Ed go on to other things, and did he continue to be a friend of your brother?

Smillie: Not particularly. They were really separated after the wheat field times. Ed managed an orange grove in the San Fernando Valley for several years, and later he managed a golf course in Lancaster. Then he moved to Nevada, where he had an irrigation business in Elko, Nevada. From there, he went back to Eaton, Colorado, his childhood home, where he did many things as a jack-of-all-trades.

Huth: Was he the only one of the brothers and sisters that stayed in Eaton?

Smillie: He was the only one that stayed in Eaton.

Huth: What happened to the store? Did he have anything to do with that?

Smillie: No. The store was sold, and has probably been through many hands since then, but it's still a hardware store.

Huth: The store was sold when?

Smillie: Oh, early on. My grandfather probably sold it before he died.

Huth: How long did he live during your early years? How old were you when your grandfather died?

Smillie: I don't know how old he was. He died about 1926.

Huth: How old were you?

Smillie: I was about nine years old when he died.

Huth: Was he much of an influence on you, do you think?

Smillie: My grandfather, no. I didn't like him very much. I never liked either of my grandfathers too much. They weren't affectionate kinds of people. My grandfather Graham, on my mother's side, was very austere and withdrawn. He died of diabetes when I was about four or five years old.

Huth: What was his name?

Smillie: My grandfather's name was James Gillespie Graham. And he and his brother, Frank, were sons of a doctor whose name was James, and who was a physician in Richland, Indiana. So I really had another role model, I guess, a physician role model, in my family.

Huth: How about grandmothers? Did they have any impact on your life?

Smillie: I loved both my grandmothers. My Grandmother Graham was a little bit farther away from me. She lived in Greeley, and I didn't see her as often as my Grandmother Smillie. But she was a gentle soul. Grandfather and Grandmother Graham had four daughters, and my mother, Anna, was their third daughter. She was Anna Dale Graham. Grandmother Graham died of a stroke before we left Eaton, so that must have been about 1922 or '23.

My Grandmother Smillie died, I think, even earlier than that. I have very fond memories of her. She was a very dramatic individual, and had a lovely singing voice, which some of the family inherited.

Huth: How about you?

Smillie: No, I didn't inherit it. I have a son who sings nicely, my son John. But Ed, Uncle Ed, the soldier of fortune, the youngest son, had probably the most beautiful tenor voice of anybody I've heard. He sang both professionally and for fun.

Huth: Did he have training?

Smillie: No, he had no training; he just had a beautiful voice. We have several of his records here. He was a lot of fun. He was like his mother. He was emotional, and dramatic, and had this beautiful voice.

I remember one time we took him to the Bocci Ball Restaurant in San Francisco, where the waiters and waitresses are aspirants for operati careers--and he began singing. And so he became part of the crowd there because he got a big hand for singing an aria that he knew.

When they were filming the film Centennial in Eaton, he sang for that production. But he told us later that his part was cut out; it was never put into the final film. Among the things he earned money for in the years before he died was as a tour guide--taking people around, showi them the sights that Michener wrote about in Centennial.

Smillie: His death was kind of dramatic, because he went fishing up in the Rockies, up above Fort Collins that day. He came home, and he'd had a very happy day, and like happens to so many older men, he had to get up about four o'clock in the morning to go to the bathroom. He came back to his bed singing a little ditty called "Old Solomon Levi," and laughing about it--he and his wife. He woke her up, and they were both laughing about the fact that he was singing this silly ditty at four o'clock in the morning, and he went to sleep. About an hour later, his wife tried to wake him again, and he had gone.

Huth: How old was he?

Smillie: Seventy-eight. He lived a wonderful life.

Huth: What a way to go!

Smillie: What a way to go! At any rate, I happened to be in Colorado on a trip at the time, and so I went to his funeral three days later in Eaton. It was in the little First Congregational Church, which my Grandmother Smillie had started when she first came to Eaton in 1884. It was a fairly ordinary ceremony until the very end, and then somebody put on a tape of Uncle Ed singing at a funeral that had taken place only a week before, and that just broke me up, to hear a man singing at his own funeral. So that's one of my favorite stories--that I heard a man sing at his own funeral--[laughs] my uncle Ed.

Huth: It sounds to me as if you kept track of him so you knew what was happening to him.

Smillie: I always enjoyed being with him.

Huth: Was he a favorite uncle?

Smillie: I suppose he was, because he lived such a happy-go-lucky and sort of irresponsible life. He really didn't earn a lot of money, ever, but it never kept him from being a happy, happy person.

Huth: And he married?

Smillie: He had two wives. He married his childhood sweetheart, Fern. He eloped. He left and surprised everybody. They had two children, Dave and Norma. Then one day, Fern just suddenly died, after the children were grown. And after Ed went back to Eaton, he married the postmistress for the town, Pauline. Pauline is still there. She has just retired as postmistress in Eaton.

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Smillie: Resource materials, which include oral histories, are in the library at the state college in Greeley--for the book Centennial. And there is a little exhibit in the park there at Greeley--a Centennial exhibit, which is kind of interesting.

Huth: Were you around there at all, during that filming?

Smillie: No. We lived here [in California]. I didn't even know they were filming it until I heard about it from Ed.

Carpinteria, Ruthie Bliss, and Marriage, 1935 to 1943

Huth: Now, please tell me about your family, when you married, and about your life after that.

Smillie: I actually got married while I was still in medical school. My father, who had come to California after he went bankrupt in Colorado, did several kinds of work. He first sold Model T Fords, and then he got into landscape gardening, because he always loved agriculture and plants, and he had a green thumb. Then he decided that he could teach gardening, and he taught gardening at some of the schools in the San Fernando Valley--Morningside School in San Fernando, and later Lankershim School in a little town called Lankershim, which is now North Hollywood.

He later became vice-principal of the grammar school at Lankershim. He had not finished college. He and his brother, Wilson, went to Colorado College. And my grandfather had some bad financial troubles, and one of them had to drop out, so my father dropped out of Colorado College and went into farming, and that helped Wilson to continue to go to Colorado College, and then later to Harvard Medical School.

At any rate, my father needed some credits to get his credential to be a teacher, and later to become a vice-principal, so he started at Santa Barbara State College, and came up here [to Carpinteria] during summers. While I was at UCLA, Dad was coming up here to find housing for the summer.

Huth: We'd better say where "up here" is.

Smillie: Up here is Santa Barbara and its environs. One of my fraternity brothers was a fellow named Charles Bliss, whose family owned this place where we are now in Carpinteria. He needed a ride over the weekend, to come home. So I said, "Why don't you go with my folks?" So I arranged a ride with Charles to come to Carpinteria while they were looking for a place to live in Santa Barbara.

It so happened that Father Bliss--Mr. Bliss then--owned some little cottages downtown in Carpinteria, and one was for rent. So Dad, Mother, and Charles never got any further than this place in Carpinteria, here at Canyon Vista Ranch where we are now. Dad then met the whole Bliss family, which included the oldest brother, Henry; the second brother, Charles, who had come from the fraternity house; daughter, Flora; daughter, Ruth; and son, George--the five Bliss children.

Smillie: My father and mother were very attracted to this young daughter, Ruth, and she was attracted to them. So it was natural that when we came up here for the summer--I believe it was between my freshman and my sophomore year--that I should meet Ruth. And so I met Ruth on this very property where we are now.

We dated several times during the summer, and when she started UCLA in the fall, we kept up our relationship. We came up here so Dad could get his degree from Santa Barbara State College--so he could get a credential to teach.

Huth: And did he work on that only in the summer?

Smillie: Yes, he just did that during the summer.

Huth: Did you stay in the cottages?

Smillie: Yes. We stayed in the cottages down in the village in Carpinteria. It was just for that one summer. At any rate, Ruthie and I fell in love.

Huth: What summer would that have been?

Smillie: That would be the summer of 1935.

Huth: You have a longtime tie to this area, then.

Smillie: Yes, fifty years. 1935--that was the summer of 1935. And we became engaged to be married in 1936, but we did not get married until my third year of medical school, which was 1940.

Huth: Was this due to something connected with medical school?

Smillie: Yes. Ruthie was living in a sorority house at UCLA and getting her degree there, and I was living in the medical fraternity house at USC, and our parents were paying the bills. Mother Bliss and my father got together, and said, "You know, it would be cheaper if these kids got married." [chuckles] And so they encouraged us to get married, although we didn't think we were financially ready for it until I got out of medical school and out of my internship. But Ruthie was going to get her teacher's degree.

Huth: What was she studying?

Smillie: She was studying philosophy, but she could teach almost anything--history, English, or anything of that sort.

Huth: Did she get a secondary credential?

Smillie: Yes, she got a secondary credential. When we got married, she got a job teaching. Actually, it was a year before she got a job teaching. She went to school for a year after we got married. She got a job teaching

Smillie: in 1941 in Montebello, east of Los Angeles. That was when I was an intern, so we moved into a little apartment over a garage in Montebello.

Huth: Do you remember how long she taught school? Did she teach other places after that?

Smillie: She taught two years, I believe, there, until I went into the army.

II U.S. ARMY SERVICE, 1943 TO 1946

Smillie: In July, 1943, Ruthie was pregnant. That's when I went into the army. She moved back here to be with her mother, and we gave up our apartment in Montebello because I was sent to Vancouver, Washington, to Barnes General Hospital, initially. And after that I was sent to Walla Walla, Washington, where I stayed only one week.

The Medical Hospital Ship Platoon

Smillie: Then I was transferred to Camp Stoneman in Pittsburg, California, up the river from Oakland, about halfway to Stockton. Camp Stoneman was an overseas jumping off point. I was assigned to an organization called a medical hospital ship platoon, a very strange organization. I was the commanding officer of this platoon. It had, I think, seven men and two nurses and one doctor. The idea of these units was to go overseas as casual passengers on troop transports, and come home on troop transports as working doctors and nurses and corpsmen, because they felt there would be more people who needed medical care coming back from the front than there would be going overseas.

Huth: So it was a traveling trip to get there, and then a working trip to come home.

Smillie: Yes, a traveling trip to get there and a working trip to get home.

Huth: Was that the army?

Smillie: That was Army Medical Corps. Now, I had a disability in my right knee, and I was not supposed to be sent overseas, so my permanent assignment was Camp Stoneman, California, but I spent about two years of my two and a half years overseas. I was on detached duty from my permanent station, which was Camp Stoneman, California.

Huth: They needed doctors, apparently.

Smillie: Yes, and I spent about six months of that two and a half years actually on board ship, so I was more in the navy than I was in the army, in a way, although they were army transports. I was at sea six months.

Huth: How did you take to the sea? Were you a pretty good sailor?

Smillie: I was a very good sailor. If you're interested in an anecdote--one time we got on a brand new ship, a troop transport, at Camp Stoneman. And we left our port of embarkation and we went outside the Golden Gate Bridge, outside San Francisco Bay, into what's known as the Potato Patch, which is a bit of water which is very treacherous in the way that it moves ships around. The ships during World War II didn't have the stabilizers that they have now, and so it rolled and pitched in a very awkward way, and this was between five and six o'clock in the morning that we were in the Potato Patch.

The cooks began cooking the morning breakfast in brand new aluminum pans, and the eggs all turned green in these new aluminum pans, which had not been put through the dishwasher, or anything, yet. Anybody who wasn't sick already came down to the mess, and had somebody plop some of these green eggs on their mess kit. They immediately got sick. So there was virtually nobody left on that ship who wasn't seasick, but I wasn't seasick.

Huth: Did you eat the eggs?

Smillie: I ate the eggs. And even though I was a first lieutenant, there was nobody to clean up in KP except me and the few others who weren't seasick, and so I drew KP [Kitchen Police], as an officer, on that first day.

Huth: I thought maybe you were going to tell me that you had all these patients who were violently ill, and you had to take care of them.

Smillie: Well, we helped with them, too, but all they really needed was to empty their stomachs and lie down, and that's all we could do for them. We didn't have seasickness pills in those days. That was my third trip overseas.

My first trip was to Australia and back. We took psychiatric casualties, primarily, from Brisbane to San Francisco. My second trip was to Hawaii, where I saw firsthand the wreckage that had been done. This was in early 1944. I saw the wreckage and what had been done by the Japanese on Pearl Harbor Day. I was stationed at--I've forgotten the name of the fort. It's right in the middle of the island, but it's an army base.

There, I had the nicest quarters I ever had in the army, because the officers homes there had been evacuated, and the officers' families had been returned to the mainland. I was put in a maid's room in one of the officers' quarters, which meant that I had a room and a bathroom to mysel It was the only time during the two and a half years I was in the army that I ever had such luxury, only because I was put in a maid's room of an officer's home in Hawaii.

Smillie: My third trip was the one with the green eggs. We went to New Guinea. I never will forget that because of the showers, and all of the people who were casual travelers on that ship.. I've forgotten the name of the ship. The showers were all salt water showers. We never felt comfortable in the steamy heat of the equator. We finally ended up in a place called Milne Bay, in New Guinea, where it rains almost all the time. And you have never seen so many naked men on board ship, on the decks, with soap, soaping down in rainwater, that tropical rainwater, to get a freshwater shower. By that time we no longer had nurses in our medical hospital ship platoon, so it was okay. Nothing but men on that ship.

We ended up at a little place called Lae, where there had been quite a battle between the Americans and Japanese, about a year before we were there. Then we brought casualties home from New Guinea. And then the next trip was to New Caledonia, where I had a lot of fun because we were stationed with the 29th General Hospital, which was a hospital from the University of Colorado, with faculty and people associated with the University of Colorado Medical School.

Huth: I am interested in the fact that these people were from the University of Colorado. In a transcript of one of Dr. Garfield's interviews I read that they had a USC unit.* Was that what they did? Did they organize at medical schools?

Smillie: Yes, they did. For instance, on my first trip that went to Sydney, Australia, I was with--I think it was the 7th General Hospital in Sydney, which was from Johns Hopkins Medical School. My fourth trip was to New Caledonia, and that was the University of Colorado school. And yes, Dr. Kay, and Dr. Garfield, and a number of people who were my faculty at USC were in the USC Medical School unit.

Huth: And they went to Burma.

Smillie: They went to Burma or India. Yes. Dr. Garfield, of course, never continued with them. That's a story in itself.

Huth: I think it's interesting that they took the people who knew each other that way. There must have been some reason for that.

Smillie: Yes. They were people who were used to working with each other, and who knew each other.

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*Interview of Sidney Garfield, M.D., by Daniella Thompson, Transcript, Tape 2, Side 1, 5 September 1974 (Audio-Visual Department, Kaiser Foundation Health Plan), 2 (hereafter cited as Garfield Interview).

Huth: And sort of a team.

Smillie: And the commanding officer was always someone who was prominent in the medical school, who had administrative experience. I've forgotten the name of the commanding officer of the one in New Caledonia, but Dr. C.J. Berne, who was the chairman of the Department of Surgery at USC Medical School, (B-E-R-N-E, like the city in Switzerland) was the commanding officer of the USC group that Dr. Kay went with.*

The Home Front, and Mother Smillie's Failing Health

Smillie: My trip to New Caledonia was cut short because my mother had a stroke. The Red Cross was able to get an emergency leave for me to come home from the Pacific theatre, and for my brother, Dick, from the European theatre. That must have been in 1944.

Huth: Where was home then? Where was your family then?

Smillie: My mother and my father were living in San Fernando. Ruthie and I were living in a little house that we'd bought in Antioch, California, up river from Oakland and Walnut Creek, towards Stockton. We bought a little house there because we couldn't find housing. The cost of our housing we'd quite often shared with other doctors who were in these medical hospital ship platoons. Because the husbands would be overseas so much of the time, two wives could share a house with two bedrooms quite easily.

Huth: Were you renting out a part of it then?

Smillie: In a way. It was our house, but we shared it. First, we shared it with the family of doctor Willard Calden, an obstetrician-gynecologist, who later practiced in Oakland. And the second family was named Scherschel, who came from Indiana. We've remained friends of both families since then.

Dick and I came home, and mother was desperately sick, and we stayed, I think, or they allowed us to stay about ten days until we knew she was not going to die. But she had a paralysis of the right side and of her voice, which lasted the rest of her life.

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*Raymond Kay interview, Regional Oral History Office.

Huth: She lost her speaking voice entirely?

Smillie: She didn't lose her voice, but she lost the ability to make intelligible words--until later, and I'll come to that later. Well, I may as well tell you now. After I joined the Permanente Medical Group, there was this institution that was part of the Kaiser program, called the Kabat Kaiser Rehabilitation Institute.

They had a setup in Santa Monica, and so I enrolled mother as a patient. This was after the war was over, of course--well after the war--it was after 1949. She did get some therapy, which helped her particularly with her language capabilities.

Huth: Like learning to speak again?

Smillie: She didn't learn to speak. She learned to say certain words. She could communicate with great difficulty, but she didn't have an extensive vocabulary after that, which was a shame, because mother was always the greatest talker in the world. She loved to talk, and she loved to laugh, and so the stroke was really a dreadful tragedy for her.

Huth: How old was she?

Smillie: When she had the stroke? 1944--she was fifty-nine. She was relatively young.

Huth: That's very young, nowadays.

Smillie: Her mother and all her sisters have had strokes.

Duty at the Wack Wack Country Club in the Philippines

Smillie: Then I went back to New Caledonia, and from New Caledonia, actually, we didn't come home. We went instead to the Philippines. In the Philippines, I was stationed at Santo Tomas University, where the army had set up a general hospital. At first I was stationed there. And there, because I'd had a minimum of pediatric training, and they thought I might know something about ENT--they made me into an ENT man.

Huth: What is that?

Smillie: Ear, nose, and throat specialist. That only lasted a few months because they moved my medical hospital ship platoon--which by then included a dentist and fourteen men--out to a staging area for medical units of hospitals. A staging area is where they temporarily camp units that they're going to move someplace else, and the units don't have any duties.

Smillie: So there were a number of hospitals, station hospitals and general hospitals. Actually, there are three kinds of hospitals. There are field hospitals, which are very near the front; station hospitals, which are further back; and general hospitals, which are still further back in a safe zone, from which casualties are evacuated to the mainland.

So this staging area, called the Wack Wack Country Club, was a golf club that was appropriated by the army as a staging area for medical units in preparation for the invasion of Japan. For some reason or another, they decided my little unit wasn't going to Japan, anyhow, and so we might as well have some duties there. So they gave my unit the responsibility of running the dispensary for a part of that camp. There was also a station hospital there, and our dispensary was right next to the station hospital.

I remember that the fellows who had come down with syphilis were kept in that station hospital, behind a chain link fence, in a ward that was cordoned off from the rest of the hospital, so they would not escape while they were getting their penicillin treatments. They were virtually imprisoned in the compound.

But we furnished care to all kinds of units. In those days, in 1945, even, there were segregated units. The black station hospitals were all black, and the white station hospitals were all white. The black station hospitals had black doctors. Since our dispensary was treating both kinds of patients, I thought it would be a good idea if I could share my duties with one of the black doctors--because almost half of the troops we saw were black, and half of them were white. So I went to the base commander and asked permission to have the black doctor and black corpsman assist me and my corpsman in running this dispensary. He thought it was a good idea, and ordered it. I think I integrated the first medical unit in the army, at least in the Philippine

Huth: Was that in 1944?

Smillie: 1945, in the first part of 1945. I think it was before V-E Day, certainl before V-J Day. The interesting thing is that about half of my corpsmen were from the Deep South--from Arkansas, Tennessee, Mississippi. And then I deliberately assigned them to work under the black doctor. They were a little reluctant at first, but after a while they got to enjoy it, and their relationships were really quite friendly. That was a very interesting experience for me to do that.

Huth: To see how it worked out?

Smillie: To see how it worked out. We had some interesting experiences there. In the Wack Wack Country Club area there was about two feet of topsoil over bedrock.

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Smillie: It was located on the island of Luzon, about fifteen miles out of Manila. At any rate, one day they were digging a latrine fairly near our tent. They drilled into the bedrock, and then they dynamited, and a piece of rock went up into the sky and came right down through the top of my tent, and landed between my cot and the cot next to me.

Huth: How big was it?

Smillie: Big enough. It could have injured either of us if it had hit us. That was actually about the only action that I had during World War II until V-J Day. On V-J Day, the troops that thought they were going to Japan knew finally that they weren't going to go to Japan, so they started exploding firearms. They began shooting up into the sky, and drinking at the same time.

Huth: Was that a lot of people, or just a few?

Smillie: A lot of people, a lot of people. I think they feared the Japanese would attack medical facilities, even though we put red crosses on the tent tops and the tops of our hospitals. And so they armed the medical corps, which I don't think, by Geneva rules, we were supposed to do. But there were certainly a lot of guns that popped forth on V-J Day. In my group we had rifles.

We were frightened enough that we actually began to dig foxholes for ourselves in that two feet of topsoil, and we set up to receive casualties in the dispensary, but we didn't get any. Fortunately everybody fired into the air.

Huth: But bullets coming down could have injured somebody.

Smillie: We were scared. That was the only fireworks and firing that I ever experienced in the war, except going through the obstacle course at Camp Stoneman. At any rate, I stayed on in Manila for about two or three months, and then came home.

Coming Home, and Reflections on a Sad Time

Smillie: Again I came home on a Red Cross emergency visit, because Ruthie lost a baby through a placenta praevia.

That's a situation where the afterbirth in the uterus, in the womb, comes separate before the baby is born, and there's a lot of bleeding. Ruthie nearly died during that time. She would have, except that the doctor who attended decided to send her to the Camp Stoneman Station Hospital where they had an obstetrical unit. They had skilled obstetricians who effectively saved her life. She arrived with no blood pressure, in the OB ward.

Huth: Just in time.

Smillie: She thinks that she saw the Pearly Gates before she was revived.

Huth: Did you come back to Camp Stoneman?

Smillie: Yes.

Huth: During this time, was your wife living in the house you told me about?

Smillie: In Antioch, yes. That was the house we bought in 1943, when Ruthie was pregnant. We lost that child, too, through a premature birth and lung problems that go with prematurity. After that we adopted a little boy. That was before I went overseas. We adopted this little boy, who was John Graham Smillie, Jr., and we called him Jay. He was a delightful little curly-headed tyke that was very active, and very strong, and he gave Ruthie and me a great deal of pleasure.

Huth: How old was he when adopted?

Smillie: He was newborn. We adopted him seven days after we lost the first one. The first one was born on October 7, '43, and Jay was born on October 14, '43. Now I have to tell you that when Jay was four and a half, he wandered off from his grandfather's nursery in Pacoima, California, and found a swimming pool. It wasn't fenced, and he drowned, so we lost him, too. He was four and a half years old. That was while I was back as a resident in pediatrics at Los Angeles County hospital.

Huth: What year was that?

Smillie: That was in 1948. At that time, in 1948, in spite of two pregnancies and an adoption, we still had no children.

I got out of the army in December of '45. I went finally from Camp Stoneman to the place that's up near Marysville--Camp Beale. I was only there a few hours. It was the place from which I was discharged. I ended up as a captain in the medical corps.

III MOVING ON TO PEDIATRICS PRACTICE AT KAISER PERMANENTE NORTH, 1946 TO 1952

Smillie: I went back to Los Angeles County hospital beginning in January, 1946, as a resident in pediatrics. Ruthie and I borrowed money from her mother, and we purchased a home in Glendale, California, a little cottage. I think we bought it for less than $10,000. It was interesting in that it had two bedrooms and a bath, but it also had an extra little half bath out back. So we used to joke about that.

Huth: You mean outside the house, like an outhouse?

Smillie: It was a little add-on that somebody had added on to the house. We called it John's other "John."

Innovative Pediatrics: Residency at Los Angeles County General Hospital

Smillie: My residency in pediatrics took about two and a half years, because six months of that time we spent in pathology, which is not normally part of the residency. We designed our own residency, and we decided that we wanted the six months of pathology. And so I spent six months doing pediatric pathology at Los Angeles County hospital.

As a forerunner to administrative experience, I have a story to tell: the county hospital had a funny policy applying to people who brought children into the emergency room. If the child had a temperature over 103 degrees, he was automatically admitted. So the interns and residents were obligated to work up a history, and physical, and laboratory work for every child that came into the hospital with a temperature of 103 degrees or more.

Now, before the war, as an intern I had experienced this. I thought it was rather strange, because every morning after we admitted these children, we would go around, and the children's temperatures would be normal, and they would be fine, and we would send them home without any medication--without any treatment.

Smillie: After World War II, I came back and I found that they were still doing this. Except now the interns and residents were prescribing penicillin for these children with temperatures of 103 degrees or more. And sure enough, they would go around the next morning, and the temperatures would be normal, and they would discharge them.

I said, "What are you doing this for?" They said, "Because penicillin's a magic drug, it's making all these children well overnight." I said, "You know, before the war, the children did the same thing without penicillin." At any rate, I got to thinking about that, and I decided that the policy of admitting these children at all and taking them away from their parents and their homes was wrong.

So I started advocating that the pediatrics residents be the ones who decided on admission or not. So the administrators of the county hospital set up a special admitting room on the pediatric ward--there was space for it--a little admitting and treatment room. And we saw every child that the emergency room doctor thought might need admission.

As a result, we cut down admissions to the pediatrics ward enough so that we closed a whole thirty-five bed ward. At the same time, we were able to tell the parents to bring these children back to our clinic a day or two later, so we could see the child again to be sure everything was all right.

In that way, we increased our clinic practice enough so that we had to put on extra nurses, and the residents had to spend extra time doing outpatient clinic work, which is actually more like the normal practice of pediatrics than we had as hospital residents before. In addition, it saved the county, I think, countless amounts of money. This was an eye-opener to me--that I could save money in the cost of care, and improve the quality of care at the same time.

Huth: Just by an observation.

Smillie: Just by an observation.

Huth: If you hadn't had that previous experience, of having been there before, and knowing what happened before--

Smillie: I don't think I would have known.

Huth: You might not have known that the penicillin wasn't the magic drug.

Smillie: I don't think I would have known, and I couldn't have known. At any rate, this was very interesting. As I got toward the end of my residency I didn't know where I was going to go to practice, and I had two opportunities. One was with a Dr. Newell Jones, who had an office on--I think it was on Hollywood Boulevard. It was in the big old house in which he lived.

Smillie: I sort of worked evenings and weekends with Dr. Jones to get acquainted with him. He lent me some money. He also lent me money to help me pay for the house in Glendale--about $5,000, I think it was. This is important because of something I'll tell you later.

At any rate, I worked with him long enough to know that I really didn't approve of some of the things he did in his manner of practice. And so I decided I didn't want to practice with him. At the same time, when my little boy, Jay, was drowned, he was not at all sympathetic, with me or with the child. And so I told him that I wasn't going to practice with him.

There were another couple of doctors who were looking for somebody. I've forgotten their names, but they had a practice, and their offices were at Hollywood and Vine, of all places. And their patients included the Frank Sinatra family, and the Bing Crosby family, and they were pediatricians for other film families.

These two fellows took me out to a gorgeous steak dinner one time, I remember. I was really thinking quite seriously of joining their group. I certainly would have been fairly well off if I had joined.

Huth: Were there just two doctors in their group?

Smillie: It would have been three of us if I'd gone with them, because they were very busy. It was all pediatrics.

I went to see an old friend of mine who was then the director of postgraduate education for USC at the county hospital. He was my tutor and mentor, Raymond Kay, who had come back from the war. And he said, "Well, look. I know that they're looking for somebody in the Bay Area, in Permanente. Why don't you go up and talk to them?" So one day, my brother, Dick, and my mother-in-law, Mother Bliss, and I got in a car, and we drove up to Oakland from Los Angeles, and from Carpinteria, here [where we are now].

Going to Work for the Permanente Medical Group, Early 1949

Smillie: Mother Bliss wanted to visit her daughter, Flora, who lived in Berkeley with Flora's husband, Neil. Neil was a chemist with Standard Oil Company, working at Richmond. Dick wanted to see an old army friend in San Leandro, and I went to see Dr. Paul Fitzgibbon. Do you know that name?

Huth: I've heard it.

Smillie: Oh, okay. Dr. Paul Fitzgibbon had essentially been selected by Dr. Garfield to be the medical director of the medical group. Since in 1948, which was that year, the Permanente Medical Group was separating from the whole ball of wax, which was something Dr. Garfield ran.

Dr. Garfield ran what Dr. Cutting called the "whole ball of wax." The hospitals, the health plan, and the medical group were one single entity, which Dr. Garfield ran as an entity. In 1948, these entities broke up into Permanente hospitals, Permanente Medical Group, and the Permanente Health Plan. All three of them, then, still had the name Permanente.

And Dr. Fitzgibbon essentially was the leader. I had known Dr. Fitzgibbon at Los Angeles County hospital, too, because he had taught my clinical course in neurology at the county hospital. He was a remarkable man, totally Irish--must have had an IQ of 190--but he was also an athlete. He had been a professional football and professional baseball player, and he was an amazing, articulate fellow.

Huth: And he played both professionally?

Smillie: Yes. I don't think he played very much professional football because he was too little, but I think he tried out with the Chicago Bears. I think he only played minor league baseball, but he did play it--he didn't just try out.

Huth: And so he was the head of the medical group. Would that have been in San Francisco?

Smillie: It was in Oakland. There was no San Francisco.

Huth: That's right. It's too early for that.

Smillie: San Francisco had just been started. But essentially, Dr. [A.L.] Baritell, Dr. [Cecil] Cutting, Dr. [Morris] Collen, and Dr. [Wally] Neighbor all reported to Dr. Fitzgibbon. So Dr. Fitzgibbon was responsible for hiring me, but he hired me for San Francisco, not for Oakland. San Francisco had just started, and Dr. Cutting was over there. Dr. Neighbor came down from the Vancouver, Washington, operation, to run the San Francisco area.

You see, at the same time the Oakland, Richmond, Vallejo, San Francisco operation was going on, there was a simultaneous similar operation going on in Vancouver, Washington, during the shipyard days. Like the Bay Area, they decided to continue as a public plan in 1945. And Dr. Neighbor ran that plan from 1945 until 1948. In 1948, Dr. Ernest Saward--are you going to interview him?

Huth: He's already been interviewed.*

Smillie: Okay. I have a beautiful taped interview with him. Dr. Saward ran the Permanente Clinic in Vancouver, Washington. Anyhow, when Dr. Neighbor moved to San Francisco, I reported then to Dr. Neighbor, and not to Dr. Fitzgibbon or to Dr. Cutting.

Practicing at the San Francisco Harbor Hospital

Smillie: I was the only pediatrician at first in San Francisco.

Dr. Alice de Kruif, who's now Dr. Friedman, was there temporarily. She was on the staff at Oakland, and she'd gone over to San Francisco just to cover the pediatrics coverage until I got there. So I was the first full time pediatrician in San Francisco. And for a year I was the only pediatrician, so I was literally on call all the time.

Sometimes I was up all night at [Permanente] Harbor Hospital--little Harbor hospital in San Francisco--with sick children. Or I would get called in to "catch" the baby on caesareans that they did there. It was a little thirty-five bed hospital on Pennsylvania Avenue that Dr. Garfield bought in order that there be a San Francisco Permanente hospital.

Huth: It preceded the one they built, then?

Smillie: Yes, it was our only hospital until the one on Geary Street was completed in 1954. So I practiced for five years in that small hospital. Our offices were right downtown on Market Street, the famous 515 Market Street offices.

Dr. Neighbor was an internist and in charge, and then there was Dr. Bill Hunter, and Dr. Joe Thal, Dr. Phil Perloff, and Dr. Bob Cogswell. In surgery, Dr. Cutting had gone back to Oakland, but he still did work for us in San Francisco, and also Dr. Cecil Aker. Those people: Dr. Thal, Dr. Aker, Dr. Cogswell, and Dr. Neighbor are dead. And so that's where I worked for the first five years at Permanente. I made many house calls, certainly not all of them, but I made many of the house calls. I did all the clinic work, and all the hospital work, for the first year.

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*Ernest Saward, M.D., The History of the Kaiser Permanente Medical Care Program, an oral history interview conducted in 1985-1986, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

Smillie: After the first year, a friend of mine, Dr. Irving Klitsner, who was a resident with me at Los Angeles County General hospital, came north to be the second pediatrician in San Francisco.

Huth: Did he come directly from Los Angeles County General Hospital?

Smillie: Yes, from his residency. Dr. Klitsner only stayed in the Bay Area about one year because his wife had ties in the San Fernando Valley. The year that they were there it rained almost incessantly, and the little house that they lived in was flooded, and they thought that northern California was too wet. So they moved back to southern California.

His career paralleled mine in many ways. He became chief of pediatrics at the San Fernando Valley facility, and later he became the associate medical director in charge of the medical center at Panorama City. Then later he moved on to be the assistant to Dr. T. Hart Baker, in the central offices in southern California. This was almost exactly like my career in northern California.

Dr. Baker was the medical director for the southern California region who succeeded Dr. Kay. Actually, he succeeded a fellow named Herman Weiner, who was medical director for only a year after Dr. Kay. Herman Weiner was a classmate of mine at USC Medical School--my very same class. So then Dr. Klitsner, after he left northern California, was succeeded by a fellow named Hal [Harold] Conner. Dr. Conner also came from Los Angeles County General hospital. Both Irv Klitsner and I had known him when he was a pediatric resident. And he replaced Klitsner in San Francisco.

And then Hal Conner came and stayed maybe two or three years. Then he died suddenly of an accidental death. But before he died we had a third pediatrician who's still working in San Francisco. Her name is Catherine Haney. We added a third pediatrician because we began to get rather busy.

Huth: What year would this have been?

Smillie: Oh my. It was probably 1951 or '52.

Ground Breaking for San Francisco Kaiser Permanente Medical Center on Geary Boulevard, April 1952.

ulie Koch, R.N., with shovel; Frank Itaya, with hat; r. Wallace (Wally) Neighbor; and Dr. William (Bill) unter.

Mrs. Wallace Neighbor (Win) with shovel; Dr. William (Bill) Hunter; Ruth Anna Smillie in foreground; and Geary Street in background.

r. William (Bill) Hunter, with hat and shovel; nknown lady at left; Dr. Wallace (Wally) Neighbor, ointing; Mrs. John Smillie (Ruthie) holding Ruth nna and Tina Smillie's hand; and Mrs. Robert Cogs- ell (Cynthia) at far right.

More Family Background: The Smillie Children, and Grandchildren

Huth: We haven't talked about your children. So we should go back now to hear about your children, and your two grandchildren.

Smillie: Yes. Let's go back to our children. Jay was drowned in June of 1948. Ruthie was pregnant with Tina at the time. Christina, Christina Mary--we call her Tina. Her great-grandmother, my grandmother that I loved so much, was Christina, and everybody called her Tina. So she was named for my grandmother, her great-grandmother.

She was born in September of 1948, three months after Jay drowned. By that time I already knew that I was going to be coming north to Permanente in January of '49. We had a little problem with Tina. It wasn't enough to lose Jay by drowning; we were still mourning over that--grieving. And two weeks after Tina was born she began to throw up. She had projectile vomiting, and it turned out to be pyloric stenosis, which is unusual in girls, and usually afflicts first-born children for some strange reason.

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All it required was a very simple operation, and she was fine after that. She grew to be a very healthy, normal infant. It was the first good luck we'd had with children in a lot of time.

We then moved north to northern California, to the Bay Area, and we bought a little house on Arlington Court in Kensington. I commuted to San Francisco, oftentimes on the old [Key System] "F" Train. Do you remember that?

Huth: Oh, yes.

Smillie: Across that bridge [San Francisco-Oakland Bay Bridge]. It was the loveliest train ride in the world, I thought. In many ways I was disappointed when they opened up the lower bridge to automobile traffic and took the trains off.

Occasionally, I would drive our only car to the City, particularly at night, on call, or something of that sort, or on weekends, when I was called to the hospital.

By late 1949, we had decided that Ruthie's obstetrical history was so tough that we might not be able to have any more children the normal way, so we adopted a little girl, who was born in what was still then the Permanente Hospital--in 1949, in November. We named her after her two grandmothers, Ruth--Mother Bliss was Ruth--and my mother, Anna. So her name is Ruth Anna.

Huth: Did you put that all together in one name?

Smillie: No, it's two names. She was a lovely little blond baby, and she now lives in San Rafael. She's the only one of our four children who still lives in California. We didn't have any more children until 1955, which was after the new hospital was built in San Francisco, and we moved to Greenbrae in Marin County.

We thought our family was going to be limited to two girls. During the construction of the house that we were going to live in in Greenbrae, we found out that Ruthie was pregnant with Johnny, little John, who was born in August of 1955. And two years later, Charles Deron Smillie was born in December of 1957.

Huth: And you have another name for him, now?

Smillie: Chad. We call him Chad. We chose the name Charles Deron so we could call him Chad because we liked the nickname, Chad. Deron comes from a friend of mine, a pediatric resident in the Los Angeles County hospital named Deron (Dee) Hovsepian. And we were good friends through two of the major polio epidemics at Los Angeles County General Hospital, and we worked night and day together.

Ruthie and I--at the time she was pregnant with Tina and Tina was born--lived on the back of a lot in Pasadena, on Lake Street. There's the house in front, and then four little cottages in back on this big lot. The Hovsepians lived in one of the cottages, and the Smillies lived in another of the cottages, and that's where we lived when Tina was born, and when she had her pyloric stenosis problems.

Hovsepian is Armenian for Josephson, the Armenian equivalent of Josephson. Dee and I had been lifelong friends, and so we named our second son Charles Deron, for him.

Huth: Where did he go?

Smillie: He stayed in Pasadena--practices today in Pasadena.

Huth: In private practice.

Smillie: In a fee-for-service practice group, a pediatrician group. Let's see, you had some more questions?

Huth: Yes, I do have more. Where do they live now? And what can you tell me about your grandchildren?

Smillie: Where the children live now? Tina has married, of course, and lives with her husband, Peter Standish--just like Miles Standish.

Huth: Same spelling and everything?

Smillie: Yes. In Huntington, Connecticut, a little town called Huntington in Shelton Township, in Connecticut. They have two children, our only grandchildren. Katherine is just four years old--last week. And Jonathan Graham Standish--not exactly the same as my name--is almost five months old. That's my oldest child, who lives in Connecticut.

Our youngest also lives in Connecticut; that's Chad. Chad works with Peter; they run a pallet manufacturing business in Bridgeport, Connecticut. Our daughter, Ruth Ann or Ruth Anna--we sometimes call her Ruth Ann--lives in San Rafael. She's going to art school now. She's worked at many jobs, mostly secretarial and office manager, and bookkeeper type jobs, but she's very artistic, and a kind of emotional person. She's also a first class pianist; she plays the piano beautifully. She lives in a house in San Rafael, where she can have her piano and do her artwork. She's going to art school, and she's also, I think, going to be doing some commercial art because she's very good at illustration.

Our third child, our eldest son, is John Dickson, named for his grandfather, the Dickson part, anyhow. John grew up largely in the Marin County area, although in 1969 we moved from Marin County to San Francisco. So he and Chad went to junior high in San Francisco, and then later to Lowell High School. John went to Stanford for four years, and was a history major.

Huth: Do you know when he went there?

Smillie: It must have been 1972 to 1976, when he graduated. He worked here in Santa Barbara for an attorneys' service firm for about a year, and then his college roommate invited him to Montana, where he, Kevin Brannan, was working in something called the Northern Plains Resources Council. The Northern Plains Resources Council is a coalition of farmers and ranchers who are banded together to protect their way of life and their property against the encroachment of the coal mining industry in Montana.

John drove to Montana actually intending to go on to the East Coast to go to law school if he could get in, but he never progressed beyond Glendive, Montana.

Huth: How long ago did he stop off there?

Smillie: It must have been at least five years ago. At any rate, he worked for a short while as a carpenter's helper in Glendive, Montana, and then he got on the staff of the Northern Plains Resources Council. He stayed there several years in Glendive.

He came home one time with another person from the Northern Plains Resources Council, a young lady named Margaret MacDonald, who was the research director. And her office was in Billings, which is two hundred miles away from Glendive. But she came to Santa Barbara County because her mother and sister lived in Lompoc, and they were here over a holiday. I can't remember which holiday it was.

Smillie: Lo and behold, one day John called us up and said that he and Miss MacDonald were going to get married, and that he was going to be moving to the Billings office. So we had a grand wedding in Billings a couple of years ago--almost three years ago now. The whole MacDonald family was there.

Margie MacDonald has three sisters, and two brothers, and she's the youngest of the six children. The MacDonald family is just a marvelous family. We enjoy them enormously, and they enjoy us. But the kids are in Montana.

Huth: And are they likely to stay there?

Smillie: They're likely to stay there. Margie is definitely a Montana girl. She was born and raised in Glendive.

IV REFLECTING ON EARLY EXPERIENCES WITH THE PERMANENTE MEDICAL CARE PROGRAM

Huth: What can you tell me about the difference now, when people come out of medical school and when you graduated? These are the days of social services, Medicare, Medicaid, and when most workers are covered by health insurance. And now doctors are looking for Health Maintenance Organizations (HMOs) to join. How was it when you first came out of medical school? How was the field of medicine? You said that you looked around trying to find where you were going to go. Isn't it very different now?

Smillie: I was pretty naive. When I joined the group I didn't know how radical organized medicine considered the Permanente Health Plan, or the Permanente Medical Group. But within less than two weeks after I was with the group I found out that I was probably considered a communist. Although, as I looked around at all of my colleagues within Permanente, some of them were very conservative individuals, as I was, too.

So I had the enormous satisfaction of knowing that those people who considered me such a radical were entirely wrong, and that I must be doing the right thing. I felt very self-satisfied with what I was doing. Added to that, I had an enormous satisfaction in dealing with the patients, because I could do anything I wanted without worrying about how much it cost them, because it didn't cost them anything. They had already paid me and our group for their care, and for their hospitalization. And I was free to practice the kind of medicine that I had learned to practice as a resident at Los Angeles County General Hospital. It was a source of enormous satisfaction.

You're right. It was very difficult to recruit doctors to this kind of plan, but most of the doctors that we recruited were people like myself, who had no preconceived prejudice against group practice, or against prepayment.

I used to ride to the hospital with Dr. Neighbor from the clinic downtown at 515 Market Street. They were about six or seven miles apart in the City, and to get there on public transportation--I often

Smillie: didn't have a car during the day--it would take forty-five minutes each way, but it only took a few minutes driving with Dr. Neighbor in his car.

Dr. Neighbor oriented me to the way medicine is practiced in prepaid group practice. One of the things he told me that I really didn't have to be told was that if you go out into solo fee-for-service practice, and hang out your shingle, you quite often spend years building up a practice that will keep you busy all day. Whereas the first day that I worked at Permanente my schedule was full, from the first appointment in the morning until at night.

I was able to go to the hospital with Dr. Neighbor at noontime, to see patients in the hospital, and to care for them there. They were nearly all newborn, well babies, so that wasn't too difficult to do.

Huth: So it was a satisfying situation.

Smillie: It was a very satisfying situation for me, except that I was on call all the time; I was the only pediatrician. I didn't enjoy the fruits, or pleasures, of being able to sign out to somebody else in my group, like my colleagues in Oakland could do at that time. I got pretty tired towards the end of the first year, of being on call every minute of the day.

Huth: Do you think that the doctors who were recruited and came in as you did were mainly those who had done their internship or residency as you had, in similar kinds of situations? Did it have something to do with where they did their residency? Did it have something to do with the Los Angeles County General Hospital?

Smillie: Yes, it did. Of course, some of the doctors at that time, that came on the Permanente staff, were people who had actually been residents in the Permanente Hospital in Oakland. So they had had their training there. Interestingly enough, those residency training programs in Oakland were approved by the American Medical Association, and they were a good teaching situation.

Actually, Dr. Baritell came to the group as a resident, at first, from UC San Francisco, although he was in the last, almost end of his residency training program. He almost immediately became a staff person. Dr. Wally Cook--I think you'll probably interview him--was a resident at Permanente Hospital in Oakland, and he was recruited directly into the program.* Dr. A.J. Sender, who is now physician in chief in Oakland, and chairman of the executive committee, was a resident in Oakland. So many of the doctors were people that we trained in our Permanente hospitals.

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*Wallace (Wally) Cook, M.D., The History of the Kaiser Permanente Medica Care Program, an oral history interview in progress, Regional Oral Histo Office, The Bancroft Library, University of California, Berkeley.

Huth: In the recruitment of the doctors from the places where they went out to get them, did they have some kind of standard that they set so that scholastically they took the top ten percent, or the top something?

Smillie: No.

Huth: Did they have anything, any kind of a rule that they followed?

Smillie: No. First of all, I think, in those days, you must understand that the pool of physicians from which you could recruit wasn't a very large pool. The medical schools weren't turning out lots of doctors like they are today.

The second is that the pool of physicians who would consider group practice was a much smaller pool. In 1949, '50, and in the early fifties, most doctors still felt that solo fee-for-service practice was the way to go, so the people who were interested in group practice were few and far between.

For instance, one of my fellow residents at Los Angeles County hospital, Gene Rader, was totally opposed to going into group practice. He wanted to be a solo pediatrician, responsible only to himself.

Huth: And he came out of that same hospital residency.

Smillie: And he came out of the same setting that I did. Gene moved to Albuquerque, where he was very hostile to the Lovelace Clinic people that were operating a fee-for-service situation in Albuquerque.

Huth: Will you please tell me about your experiences in the army, and if they were somewhat similar to the Los Angeles County General Hospital experience?

Smillie: Yes.

Huth: And did that have something to do with your attitude?

Smillie: Most of my experiences in the army, particularly when I was associated with a general hospital, like the one in Sydney, Australia, or the one in New Caledonia, were a kind of group practice setting, a hospital based group practice setting, like Permanente.

Huth: And did any of you in the Army Medical Corps talk about the way it was, and what you might like to do afterwards, so that you maybe were already thinking about it?

Smillie: Oh, yes, I think I always thought about group practice, because one of the things that I learned from Dr. Kay, and medical school, and the latter part of my residency, was that the information that was even then available to a young doctor in medicine was so vast that nobody could be the master of it all. So it was a pretty good idea to specialize and be good at one area of medicine.

Smillie: But if you wanted to provide to your patients the full spectrum, this could only be done by a multi-specialty group practice setting, and so I think I was always geared toward going into a multi-specialty group practice setting. It's perhaps one of the reasons I didn't go in with Dr. Newell Jones, or with those doctors on Hollywood and Vine--because they were strictly pediatrics.

Huth: Did you have something specific you were looking for when you came to Permanente as a new doctor?

Smillie: Yes, I had a goal. I knew San Francisco would grow and become a major medical center of the program, and I had hoped to build up a pediatrics staff of about ten pediatricians, and to start a residency training program in pediatrics, and train young doctors to be good pediatricians. That was my major lifetime goal.

Huth: And what did you find that you didn't expect to find?

Smillie: Nothing, really.

Huth: You were pretty well all ready for it?

Smillie: We followed that pattern. The only problem was that we achieved that lifetime goal before 1960, probably within fifteen years. I was still a very young doctor. I thought I had already achieved what I'd set out to do in the first place.

Huth: That was very speedy. What I meant was whether or not, in your surroundings, as to the other doctors that you found, did you find anything that you didn't expect to find as far as Kaiser was concerned? Did you have some preconceived idea, so that once you got there things were different than you thought they would be?

Smillie: No.

Huth: They pretty much lived up to what you expected?

Smillie: Dr. Neighbor really oriented me correctly and thoroughly, because he let me know what things were like in this kind of situation. They certainly were never perfect. There were always things that could be better, from the standpoint of the patients, the members, the staff, and the doctors.

My income beginning in 1949 was $700 a month, which I thought was fabulous.

Huth: Did you know it was going to be that before you came?

Smillie: Yes, Dr. Fitzgibbon laid it out cold for me. Dr. Fitzgibbon and the others I worked with taught me a lesson that I used all the time I was any kind of leader in the group, in that in recruiting doctors, it was awfully important to tell them the unfavorable and unhappy things that they might encounter as well as the most favorable. It was important to be perfectly candid and honest about the disadvantages of practicing in that kind of a setup as compared with the advantages, so they didn't learn as a surprise after they got there that things weren't what they were supposed to be.

Dr. Fitzgibbon did that with me when I talked to him about the job.

Huth: Can you remember some of the unfavorable things he might have said?

Smillie: Among the things are--that you have to work within the group. You refer patients only to doctors within your group there. You have to work a definite work schedule; you're expected to pull your load. You can't goof off at all. Some of the decisions about your time really aren't your own, as they would be in solo, fee-for-service practice, where you can decide that you're going to take a vacation in April, or June, or September, and that's it. But when you have to play in a teamwork situation, you have to coordinate these kinds of things with the other people on the staff.

So you have to be what we call "group suitable" in order to practice in that situation, and sublimate, sometimes, your independence to the needs of the group. This kind of thing we made very clear. At the same time, we would tell them that there are substantial advantages. One I've already talked about--there was the freedom to practice the best quality of medicine, according to your own training, and conscience, and ability; and to provide care to patients without worrying about whether the patients could afford to pay for an x-ray, or labwork, or a consultation with a colleague, because those were already paid for. There were an enormous amount of claim forms and billing information that we didn't have to do. All we had to do was keep decent medical records.

We didn't have responsibility for hiring and firing nurses, and receptionists, and office managers, and staff, and things of that sort. The business end of the operation of a busy practice was not our responsibility. We were there primarily to practice medicine. And those were very pleasant advantages. So you have to weigh the advantages against the disadvantages, and these are things that I would say over and over to doctors that I attempted to recruit.

Huth: Do you remember the terms of your employment?

Smillie: $700 a month, and you're the pediatrician.

Huth: And you're it. [laughs]

Smillie: And you're it. If I wanted to take time out for education or research, I had a half day of education time out of eleven half days a week. I could go to rounds at Stanford or at UC.

Huth: One half day in every eleven?

Smillie: Eleven half days, yes. Five and a half days a week comes out to eleven half days, and one half day could be spent in going on rounds, or attending conferences.

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Huth: Then for research, did you have to have a grant that paid back the group?

Smillie: Yes. And that was certainly one factor. Any earnings that I made in the practice of medicine were the property of the group and not mine. If I went outside and did any moonlighting, or anything like that, I really couldn't do that. I found I didn't want to, because I was busy enough with my own practice in San Francisco.

Close Friends in the Early Days

Huth: Where did you find your friends when you first came to the organization? Were they other doctors there? Who became your close friends?

Smillie: Many of our friends were the doctors: Dr. Neighbor, Dr. Garfield, and the doctors in San Francisco--Dr. Hunter, Dr. Cogswell and so forth. We became very close friends with them, all of them. Ruthie's close friend from Carpinteria, Mary Rock Sherriffs, lived on Grizzly Peak in Berkeley. She was married to a fellow named Alex Sherriffs, who was vice-chancellor of the University of California at Berkeley.*

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*Alex C. Sherriffs, "Education Advisor to Ronald Reagan and State University Administrator, 1969-1982," oral history interviews conducted 1981-1982, The Governor's Office and Public Information, Education, and Planning, 1967-1974, and "The University of California and the Free Speech Movement: Perspectives from a Faculty Member and Administrator," oral history interviews conducted in 1978-1979, Education Issues and Planning, 1953-1966, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1984 and 1980.

Huth: Yes, I remember Alex Sherriffs.

Smillie: He was then a professor of psychology, but he eventually became vice-chancellor of the university. They lived on Grizzly Peak, and we spent a lot of time with the Sherriffs.

Huth: But she was from here, from Carpinteria?

Smillie: Mary was from Carpinteria, yes. Then when Tina and Ruth Anna were in nursery school in Kensington, we became very close friends with all the parents in the nursery school. That group of parents eventually formed a women's group called Ephany, which still exists, and meets several times a year with social occasions in the Bay Area. It's a very fun group. So those were our friends.

Huth: How about friends that you socialized with and saw outside your job? Would you include doctors Neighbor, Garfield, Hunter, and Cogswell, among those, or were they friends because of the medical profession?

Smillie: Yes, we mixed with Dr. Garfield, and Dr. Leo Doyle, who lived in Kensington near me. He was an obstetrician with the Permanente group in San Francisco. By the way, his wife, Barbara, belongs to this Ephany group. Leo is since dead. And the Sherriffs--we would have social occasions at our house, mixing them.

The "Rooming In" Concept

Smillie: I remember on one of those social occasions, I had read about the "rooming in" concept at Yale University. Dr. Garfield, at that time, was designing the hospitals that were going to be built in Walnut Creek and in San Francisco--the new hospitals that were started in 1952. And I told him about this scheme of rooming in, and then he designed something which has become a trademark of Kaiser hospitals. And that is the little nursery off the mother's bed, in a separate room that comes out like a little file drawer; it's a metal file drawer. The mother can reach over and draw and pull the file drawer into her room by her bed, and have the baby by her side. This was an innovation in 1954 when those hospitals opened in San Francisco, and Walnut Creek, and in Los Angeles. And that all came about through one of these social evenings at our house, where Dr. Garfield was present.

Huth: I remember those. In fact, that's the reason I went to San Francisco to--

Smillie: To have your baby?

Huth: Yes. Because of the rooming in. I thought it was such a great idea.

Smillie: Now you know where the idea came from.

Huth: Yes.

Smillie: The file idea was Dr. Garfield's. The rooming in idea came from something called the Cornelian Corner, which was an experiment at Yale. You know, prior to that Cornelian Corner, right after the birth of the baby the baby was taken to a nursery, and kept in the nursery, and only fed every four hours when the nurses would take a whole bunch of bassinets out onto the ward, and bring the babies to the mothers if they breast-fed--and few of them did--or to let the mother bottle feed the baby.

Huth: This was probably one of the reasons there wasn't much breast-feeding in those days.

Smillie: Yes. It was just terrible. This way, with the Cornelian Corner, it simultaneously did two things. The baby was with the mother all the time, except when she didn't want the baby. With the file cabinet, she could put the baby back into the nursery, and then a light went on in the corridor, telling the nurse that the baby was her responsibility, and not the mother's. So now you know where that idea came from.

Huth: Yes, I do.

Dr. Wally Cook, Bess Kaiser's Death, and Expansion to Walnut Creek

Huth: You've already mentioned Wally Cook. He's in Walnut Creek--is that right?

Smillie: Yes. He actually works mostly at the regional headquarters on 1924 Broadway in Oakland now.* He specializes; he's a surgeon, but now he does mostly medical legal review of cases that are at risk for malpractice.

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*Wallace Cook interview, Regional Oral History Office.

The thirty-five bed Harbor Hospital, Kaiser Permanente's first hospital in San Francisco--in use from 1949 to 1954, and located on Pennsylvania Avenue.

San Francisco Kaiser Permanente Medical Center at 2425 Geary Street--in use since completion in 1954.

Huth: How did he happen to get into that?

Smillie: He succeeded Dr. Neighbor. Dr. Neighbor did that for several years--actually after he retired from practice in Oakland. Dr. Neighbor did that for Dr. Cutting between the time he was sixty-five and seventy, and then when Dr. Neighbor retired from that job, Dr. Cutting asked if there were any volunteers and Dr. Cook volunteered for that job. He was interested in that kind of thing.

Huth: Now that we have talked about Dr. Wally Cook going to Walnut Creek, can we get into the expansion, and the challenges that took place because of Oakland's having been the first big medical hospital, and then expanding to San Francisco, and to Walnut Creek, and to San Leandro? And what were the problems that came up because of the domination from Oakland? Can you respond to that?

Smillie: Yes. Yes, I can. [laughs] You're getting into ticklish territory. These began troublesome times. This all began because Bess Kaiser, Henry J. Kaiser's first wife, died. Bess Kaiser had end stage renal kidney disease. Her kidneys failed, and she had what was then known as uremic poisoning. It was an illness of many years, but the bad part of her illness was the last six months.

Huth: I heard that Dr. Cutting stayed with her. Was that during that last six months?

Smillie: Yes. And Ale Chester was a nurse who worked in the emergency room in Oakland, and was one of the finest nurses in the whole hospital. Ale (Alyce) Chester moved into the Kaiser apartment, and Dr. Cutting stayed there most of the time, too. So most of the time there, the two of them stayed with Mrs. Bess Kaiser.

Bess Kaiser wanted Dr. Cutting because he seemed to be the only one who could get into her--start an intravenous without hurting her in any way. Dr. Al Bolomey was the kidney specialist at the Oakland hospital, and he spent a good deal of time conducting the care of Mrs. Kaiser.

At any rate, Bess Kaiser died, I think in late 1951, or early 1952--probably early 1952. Mr. Kaiser was just lost. He had depended on Bess Kaiser for so many things. She was just like part of his body, and mind, and soul, and he was lost. He was so lost that he realized he needed somebody, and Dr. Garfield, who spent a good deal of time [with him], knew he needed somebody, and he persuaded Ale Chester to marry him. And so she became Ale Kaiser. I think it was less than two months after Bess Kaiser died.

This created a number of different problems. One of the problems was that Ale was not really accepted by the Kaiser industry's hierarchy as Bess had been, nor by Henry J.'s children--Edgar and others. Mr.

Smillie: Kaiser desperately wanted something to do to keep Ale busy and involved in what she had been doing, namely medicine, and so he conceived of the idea of building the Walnut Creek hospital for her. She was essentially to be the administrator of the hospital.

And Ale Kaiser, in turn, chose Wally Cook, right out of his residency, to be the physician in chief of the Walnut Creek hospital, without consulting Dr. Fitzgibbon, or Cutting, or Baritell, or Collen about it, or anybody on the executive committee of the medical group. The understanding was, of course, that the staffing of any new hospital would be by the Permanente Medical Group. This seemed to be a deviation from an agreement, or an understanding, that everybody felt very strongly about. So that was the beginning of trouble.

Dr. Cook actually didn't come directly to Walnut Creek from his residency because he spent some time in Dragerton, Utah. And that's a whole other story which I'm going to tell later.

Huth: Yes, I've got some questions about that.

Smillie: It is the Dragerton story. But he was sent to Dragerton during very bad times there, to be a surgeon to cover for any industrial accidents that might happen in the coal mines there, in the spring of 1952. Then when he went back to Oakland, he found out that he was to be the physician in chief in Walnut Creek.

That was the beginning. It began a great resentment because the hospitals floated a loan to build the San Francisco hospital, and to build the Los Angeles hospital, and to renovate Oakland. Immediately the doctors in all these locations saw some of that money that they thought was going to make their places more useful and presentable to practice hospital care being leached off to this new project of Henry J.'s, which was in Walnut Creek, where there were only five thousand members at that time--hardly enough, really, to support a hospital at all, because we only needed one bed per two thousand members.

The San Leandro Clinic

Huth: Another person I want to ask about is Dr. John Mott at San Leandro. That was a little later.

Smillie: That was a little later and a little different. They were really subcontractors to the Permanente Medical Group. That group of doctors included Dr. David de Kruif, who was the son of Paul de Kruif, who wrote The Microbe Hunters, and things of that sort. He wrote lots of things.

Huth: One of his books was Kaiser Wakes the Doctors.*

Smillie: Kaiser Wakes the Doctors, and he wrote a chapter about Sid Garfield in another book, and so forth. Dave was married to Alice de Kruif; they were divorced. I mentioned her before. She was a pediatrician.

Huth: Alice Friedman, you said.

Smillie: She's been Friedman for years. Dave de Kruif died as a young man, so she remarried a Kaiser engineer named Friedman.

But the San Leandro Clinic was a subcontracting thing to take care of Kaiser Foundation Health Plan members in San Leandro. They had a small retainer, and they also got fee-for-service. So there was a great incentive to be productive, and they saw far more patients within an eight hour day than did the doctors in Oakland, or San Francisco, or the other locations. But they got a little tired of this enterprise, and eventually asked to be taken into the Permanente Medical Group partnership, and they were accepted into the partnership. The exact times, I don't know. They're in my documented history, but I don't know what they were.**

Huth: Were you aware of any problems with the domination of Oakland in connection with San Leandro?

Smillie: No. I wasn't aware of any problems. There may have been some.

Huth: Somebody else perhaps knows about that.

Smillie: I wasn't aware of it. There was this kind of trouble: when they wanted to hospitalize somebody, they had to get an Oakland doctor to agree with the hospitalization of a San Leandro patient. They had to go through the Oakland admitting room, and that way of doing things from a distance always can cause misunderstandings and foul-ups, and they undoubtedly occurred. They may have created some ill will at times between individuals, but I wouldn't regard it as domination.

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*Paul de Kruif, Kaiser Wakes the Doctors, (New York: Harcourt, Brace and Company, 1943.)

**Smillie, History of the Permanente Medical Care Group, hereafter noted in text only.

Relationship Between San Francisco and Oakland Permanente Hospitals

Huth: How about with San Francisco? Was there ever an attempt by the Oakland facility's medical group to tell San Francisco what to do?

Smillie: We had the same kind of problem, but of course we had our own little hospital from the beginning in San Francisco. It was only a thirty-five bed hospital, but that was pretty adequate unless somebody had something really serious, or complex, that couldn't be done in San Francisco but that could be done in Oakland.

I remember I had one patient that I transferred from the Permanente Harbor Hospital to the Oakland Permanente Hospital. I'm using the right names for the times, because they didn't become Kaiser hospitals until late '52.

Huth: Oh, so earlier it was called the Permanente Harbor Hospital.

Smillie: They were the Permanente hospitals. I'm deliberately using the name, Permanente.

Huth: But you called it Harbor, and was that the one that was on Market Street? The clinic?

Smillie: The doctor's offices were on Market Street. The hospital was on Pennsylvania Street in the Bayshore district.

I remember transferring a sick child to Dr. [Alex] King, who was the chief of the Department of Pediatrics in Oakland. And so I called Alex to admit the patient, and he said, "Oh, of course." He was always very generous and very willing to accept patients, and I never had any problems with Alex.

But a few hours later I got a call, a very nasty call, from the clerk in the admitting room in Oakland, complaining that I had failed to call the admitting office about the admission of this child. This child had shown up in the admitting office and the admitting office didn't know. I thought I had done the only thing that was necessary, which was to talk to Dr. King.

This clerk, whom I took an immediate dislike to, eventually became the hospital administrator in San Francisco when I was the physician in chief, and I never did like him. We never did get along. I won't use his name.

Huth: [laughing] All right. That's an interesting story.

The Teamwork Concept, Inspiring Leaders and Practice Principles

Huth: Work with the medical groups has been compared with being on a team. What was the role of leadership for the team that you worked with? Was there a team concept in the pediatrics group?

Smillie: I didn't become chief of pediatrics until Dr. Neighbor left to go to Oakland. I guess I was regarded as a team leader, but I had no title. It was because I was the oldest pediatrician, and I organized the department.

Huth: But weren't you under a team concept, with somebody else who was the chief? What was it like to be part of the team? Would it have been Dr. Neighbor who was supposedly the leader of this team?

Smillie: Yes.

Huth: How accurate is it to use the metaphor of a team for what you had?

Smillie: I think it's quite accurate. We worked together. I recall one experience which I had published in The Reporter, the little magazine that they put out for Kaiser Permanente employees in the Bay Area. I remember Dr. Cutting was there one morning. I had a child with a foot problem, I think it was a flat-footed child, or something of that sort--terribly flat-footed. I had never been taught in my residency, or in my medical school training, anything about this kind of problem. I didn't know what to do with this child.

I thought the child might need to see an orthopedic surgeon, but I wanted an opinion. I worried and worried over this child. I fretted over this child. The mother, I guess--well, you're a mother, who saw [laughs] how I fretted--saw how unrelaxed I was about her child's problem, and how unknowledgable I was, and how much time I was taking with this.* She didn't really understand how much time I was taking, but she understood that I was not sure of myself.

I called Dr. Cutting in, and I remember it very clearly. He leaned against the door, and said, "Let me see the child walk." So she put the child down, and the child walked to her, and he watched it.

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*In 1959, Dr. Smillie was the pediatrician for Carol Huth, youngest daughter of Ora Huth, interviewer-editor for this oral history.

Smillie: And then he said, "Well, I would suggest this, and this," and he suggested a couple of things, including corrective shoes for the child. I doubt that he was in the room more than sixty seconds, but he just leaned against the door, and he was so relaxed about everything, so definite and self-assured that he knew what he was doing, and he did. The mother said, "Oh, thank you Dr. Cutting, for spending all this time with my child." [laughs]

And I had spent twenty minutes with that child and not done anything, and he spent a minute and did something, and she thought he spent more time with her and with the baby than I had.

Huth: She perhaps saw that whole twenty minutes as part of the fact that you and Dr. Cutting came to the right solution.

Smillie: What I learned from that was that by taking your time and having a slow, self-confident, relaxed attitude, you can probably spend less time with patients than if you act hurried, and fretful, and uncertain. That's something I kept trying to tell doctors over and over and over, when they said they were too rushed in our Permanente system to take care of patients. I said, "You can gain time by not acting rushed." It's a professional lesson that I learned from Dr. Cutting in about one minute.

Huth: In what way did you work to better this team morale, to fit into the team? Were there certain things you did? Was it just your way of working?

Smillie: Just my way of working.

Huth: You fit in automatically? You had no trouble?

Smillie: No.

Huth: Did other people around you have trouble fitting into the team?

Smillie: Yes. I remember that soon after we moved out to Geary Street we hired a doctor, really a wonderful man, very likeable, and very quiet. But he was just much, much too slow. He could only see a patient about every forty-five minutes. This was just too slow for our way of doing things, so he decided to leave and go into practice by himself. He may still practice in the hills of Berkeley now. Marvelous guy.

There were other people that we hired. I remember much later on we hired a doctor trained at Johns Hopkins, a very well-trained young pediatrician, but when the hippie thing began in the Haight-Ashbury district, he became part of that scene, and he got into mind altering drugs. His behavior just completely changed from a very down-to-earth, honest, solid pediatrician, to a weirdo. We eventually had to terminate him.

Huth: So there were people that if they didn't seem to fit into this, they were terminated. Who were the inspiring program leaders that you remember, that seemed to really inspire you to try to come up to a high standard?

Smillie: Dr. Cecil Cutting. Dr. Cutting was always an inspiration to me, and Dr. Collen, Morrie Collen.*

Huth: Is Morrie his name or is it Morris?

Smillie: Morris.

Huth: But everybody called him Morrie?

Smillie: Everybody called him Morrie. And Cecil Cutting, everybody called him "Cece." I don't think there was anybody else, really, that--

There were other people who were outstanding individuals, who came later. Dr. August Jonas came from Johns Hopkins Medical School to be chief of surgery in San Francisco. He was a superb man. Unfortunately he got sick with cancer of the pancreas after only a few years with our group, and he died.

Huth: We'll have some time to come back to leaders. I want to know about people right after this early period, when you first came in.

Smillie: Mostly Dr. Cutting, Dr. Collen. Dr. Bob King, in Oakland, was chief of obstetrics, a remarkable man with a great sense of humor. And when things got really sticky, Bob would come up with some kind of a quip which would relieve the tension, and also point out some of the foolishness that people who were being sticky were engaged in, and so forth.

Huth: So he helped smooth things over?

Smillie: He helped smooth things over.

Huth: Would you call him a leader?

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*Cecil (Cece) C. Cutting, M.D., The History of the Kaiser Permanente Medical Care Program, an oral history interview conducted 1985-1986, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

Smillie: He was certainly a leader. Alex King, who was chief of pediatrics in Oakland, was also a hero to me.

Huth: Was he the one who was the Olympic medalist?

Smillie: No.

Huth: Was that Bob King?

Smillie: Bob King was an Olympic high jumper. He got the gold medal in the high jump in the 1924 Olympics in Paris, I think it was. That was Bob King.

Huth: That is what I heard. I heard that it was one of the Kings.

Smillie: That was Bob King. My tie with Alex actually preceded Permanente because he was also one of the doctors who was with the medical hospital ship platoons in the army, and he went overseas from Camp Stoneman. So I knew Alex before I knew Permanente.

I was delighted to find him there, as a matter of fact. I didn't know he was there until I arrived. So those were the people I looked up to in those early days.

Huth: Can we talk now about your awareness of the principles of Kaiser's medical program? Were you aware of these principles: the group practice, the integrated facilities, the prepaid plan, and then the freedom for the members coming in to choose--

Smillie: The dual choice.

Huth: Yes. The dual choice that came later, and having doctors who believed in the plan. I asked you how it was when you were recruited. Did they go over the principles at the time you were recruited?

Smillie: Yes. Dr. Fitzgibbon went over them rather thoroughly, and so did Dr. Neighbor when we were having these little rides between 515 Market Street and the hospital. They both went over them.

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Huth: Will you please tell me how you reacted to the organization and the way they'd set it up, with leaders over a group of doctors, whether it had any effect on you that you remember?

Smillie: No, I think I anticipated becoming a leader from the day I talked to Dr. Kay at Los Angeles hospital, before I ever went north. I think that basically Dr. Kay kind of advertised me to his friends in the north as somebody who could develop into a person who would assume administrative responsibilities--primarily because I had been the chief one to change the admitting routine at Los Angeles County hospital.

Dr. Sidney Garfield's Informal Administration

Smillie: About 1952, the Dragerton thing came along, and that also happened as a result of one of those nights at our house in Kensington when Dr. Garfield came to visit. We'll talk about the Dragerton thing later. He challenged me. He said, "You want to be somebody. How would you like to go to Utah and run a hospital there?" I was just getting into this whole thing at 515 Market Street and Harbor hospital, and I'd only been there three years. I said, "Fine, I'll do anything you think is exciting."

Huth: And that happened in your living room?

Smillie: That happened in our living room. Unfortunately, that's the way Dr. Garfield operated.

Huth: I have some questions about that later concerning the informal organization.

Smillie: It certainly was a very informal organization. At that time, I remember when we got to Dragerton we were thinking about some renovations in the hospital there, and I said to Sid, "Do you think your board of directors will approve of these?"--you know, the Permanente hospital board of directors. Sid said something to me I will never forget. He said, "Those guys are too busy making automobiles and steel and aluminum and cement, and things like that, to be bothered." He said, "They'll approve anything I ask."

This was in 1952, about the time Bess Kaiser died, and it's true. From my point of view, the Kaiser people really were not interested in the plan. This was a doctors' plan, and Dr. Garfield ran it. They weren't interested in this until Bess Kaiser died and Ale Chester was involved--when she became Mrs. Kaiser. And that changed the whole history of the organization--that death and that marriage. Maybe for the better--I don't know, but it certainly changed things.

For instance, I was told by Scott Fleming, who often attended board meetings at that time, that Dr. Garfield would come to the meetings of the board with the agenda written in pencil on the back of an envelope. None of the members of board knew until he got there what was going to be on the agenda--which is hardly the way to run a business that had a $14 million debt.

So even though Dr. Garfield was certainly my inspiration from a medical point of view, for his genius and imagination, he was not the manager of a multi-million dollar organization that a lot of people thought should be the manager of a multi-million dollar organization.

Huth: Will you please comment on the fact that some people have said that he was too nice a guy to get things done in the organization--that he was not forceful enough, and that people tended to be able to get things they wanted?

Smillie: Yes and no. He did fire people who weren't being productive. He got rid of goofballs. He was very quiet about it, but he did it. A lot of times he transferred people from one job to another. What his biggest problem was, was that he kept everything within himself, and didn't share--he wasn't as open in what he planned to do with people as those people would have liked.

When I say kept things to himself, I don't think he kept things totally to himself. I think he talked over lots of things with Dr. Cutting and Mrs. [Millie] Cutting in northern California, and with Dr. Kay and Dorothea Daniels in southern California.

He had his own little private group of people. He had a great deal of confidence in their judgment. And people who, if they told him he was wrong, he would be able to accept it.

Huth: That's part of this informal organization, in a way.

Smillie: Yes.

Relationships During the Years of Controversy

Huth: What was your relationship with Eugene Trefethen, the Kaiser Industries leader?

Smillie: I had no personal relationship with Gene. He did, I think, save the program. He's one of my heroes, later on. At the time of the Tahoe meetings--there was really only one Tahoe meeting--but for all of the other meetings that led up to Tahoe, Gene Trefethen was the chairman of the group that considered these controversial items. He brought that whole thing to a close in a masterful way. I think the program would have gone down the drain if it hadn't been for Gene Trefethen.

Huth: Were you aware of the relationships between Gene Trefethen and others who had more to do with him than you did?

Smillie: Yes. The relationship with Dr. Collen. He was then my immediate superior, as physician in chief in San Francisco. I was chief of pediatrics. I don't think I was yet the assistant physician in chief.

Clash Between the Doctors and the Kaiser Industries' Leadership

Smillie: Dr. Collen, during those troublesome years, was Gene Trefethen's most persistent antagonist for the viewpoint of the medical group and the doctors. Which is a shame, because Dr. Collen was Gene Trefethen's doctor until that time. Gene Trefethen went to Dr. Collen for care, and so did Mrs. Trefethen.

Huth: And then not so afterwards?

Smillie: And not so afterwards. It left a bitter taste--mostly in Gene's mind, because Dr. Collen was most unyielding in lots of the things he said and did during those controversial years. He thought he was in the right. He and Dr. Baritell were the chief antagonists.

Huth: Was Dr. Baritell also an antagonist at that time?

Smillie: Yes. And during the Tahoe meetings. As a matter of fact, the memos and position papers that the doctors prepared were really prepared by Monte Baritell at that time.

Huth: He left in 1953, and then he came back. He had problems, I guess, even after he came back--with Dr. Garfield. He must have, because the Tahoe conference was in 1955.

Smillie: Yes. Yes. Dr. Garfield essentially lost his authority at the Tahoe conference. Dr. Baritell, yes. He felt that Dr. Garfield wasn't running things properly, and unfortunately, Dr. Collen agreed with Dr. Baritell. The two of them almost never agreed on anything, but they agreed as antagonists against--not really against the health plan--but against Mr. Henry J. Kaiser, Sr. Really, the butt of the whole thing was Mr. Henry J. Kaiser's impingement of his personality in the medical care program.

Huth: And was some of it over the Walnut Creek facility?

Smillie: It started with the Walnut Creek hospital. I think I've listed in my document about eight other issues that were part of that. Dr. Baritell and Dr. Collen were the chief protagonists. Dr. Neighbor was very quiet because Dr. Neighbor and Mr. Edgar Kaiser had been long time, personal, close friends up in Vancouver, Washington. It kind of hurt Dr. Neighbor to hear the things that were going on. Dr. Cutting was rather quiet because he, too, had been a long time personal friend of Edgar Kaiser's at Coulee, Grand Coulee, during those days.

Now, Mr. Kaiser, Sr., didn't attend all the meetings, but he was the chief protagonist on the other side. Mr. Trefethen was trying to be the peacemaker between the two, and he did a masterful job--just unbelieveable. Both sides gave up something, though if you talk to

Smillie: Dr. Collen, and Dr. Baritell before he died, they would say that the doctors gave up everything, and the health plan didn't give up anything. That's not true. Both sides gave up something.

For instance, Mr. Kaiser did not want to deal with a single, large Permanente Medical Group. He wanted to break the group into small, competing groups.

Huth: And is that what happened?

Smillie: No.

Huth: Well, they weren't small competing groups, but they were autonomous, weren't they?

Smillie: In a way autonomous, but not really autonomous. The Permanente Medical Group Executive Committee still retained authority over what went on in Walnut Creek, San Francisco, Richmond, and Vallejo, and all the centers. So Mr. Kaiser lost on that one.

Huth: Do you think that had anything to do with Walnut Creek? Because he wanted that to be so different?

Smillie: Oh, yes. He wanted it to be a showplace.

Huth: Yes. And really separated from the medical group?

Smillie: Oh, yes. Oh, yes.

Ending Strife and Informal Practices Through Reorganization and Effective Leadership

Huth: What is the informal organization that supplements the formal leadership hierarchy that's been set up? We just talked a little bit about it. You said that Dr. Garfield mentioned Dragerton to you when he was at your house, and he often operated informally. He called Dr. Cutting, and he called Dr. Neighbor and Dr. Kay when he had a problem to discuss with them. Is it pretty much that way for everybody in Kaiser? Do they all still operate in an informal way?

Smillie: No, no, not anymore. No, it doesn't operate that way at all anymore. And really, not since whenever the executive committee was reorganized.

Smillie: For a long time, the executive committee of the Permanente Medical Group consisted of seven members. And at least four of those members were Dr. Cutting, Dr. Baritell, Dr. Collen, and Dr. King. Actually, what would happen--this is mostly rumor--but there's lots of evidence that shows that this would happen. When an issue would come up, Dr. Baritell, Dr. Collen, and Dr. Cutting--the three of them would discuss it, and discuss what their position would be, before an executive committee meeting. So they would be united when they came to the executive committee. It was very difficult for the rest of the executive committee to bust that kind of power.

So, in the sense that this might have been an informal situation, that continued until the executive committee actually enlarged its scope to include elected members from every medical center, and the physician in chief in every medical center. And things have been run quite formally since then, from the medical group point of view.

Huth: From the health plan-hospitals point of view, were things also that informal?

Smillie: Yes, they were, until Mr. Karl Steil came to northern California. That was in 1961, or '62, when he came north. The reason for that was that--we won't get into that.

Huth: That's the San Diego project?

Smillie: The San Diego venture.

Huth: And I have some questions on that that I will get to.

Smillie: That comes much later, really. But at any rate, the hospitals and health plan operated relatively autonomously under a fellow named Fred Tennant, who was essentially placed in the position of being regional manager in northern California, after he had been found to be not the super guy that they wanted in the Kaiser Industries.

Huth: Oh, he came out of Kaiser, then?

Smillie: He came out of Kaiser Industries.

Huth: They just found a job for him, do you think?

Smillie: See, as a result of the Tahoe agreement, one of the things that they agreed to was that they would never place anybody in a position of authority in the health plan and hospitals without first consulting the medical group. But they put Fred Tennant in that most responsible job, and it was a total surprise to the doctors. They essentially didn't keep their agreement. The health plan and hospitals didn't keep their agreement with the medical group.

Huth: I understand that things worked out pretty well down in southern California, but not in the north. Was that because Fred Tennant was in charge of northern California? Southern California didn't have somebody put in by Kaiser?

Smillie: Well, Dr. Kay and Karl Steil got along fairly well. Karl Steil was the health plan manager in southern California. They operated in a different way. Even though it was originally proposed as part of the Tahoe agreement that they have this thing called the Advisory Council.

Huth: In the north, that went along for about seven months, didn't it?

Smillie: It didn't work. The Advisory Council was supposed to consist of one doctor per every hundred thousand members, I think, and the regional manager, and the regional hospital administrator, as part of the Advisory Council for each region. There was no regional manager in southern California, but Mr. Kaiser, Sr., and the Kaiser side of things balked at allowing Ray Kay to be the regional manager in southern California. So that position went empty.

Karl Steil, I think, was the health plan manager in charge of marketing and member services, and that sort of thing, in southern California. And Paul Steil, his brother--did Dr. Kay tell you about Paul Steil?

Huth: He's going to when we meet again.*

Smillie: Okay. Paul Steil, Karl's older brother, had come to the program from the Justin Dart Industry. At that time it was the Rexall Drug Company, I think. In southern California, the medical group rented office space for doctors' offices in the building that the Rexall headquarters were in, and Paul Steil, I think, was related to that rental program somehow or other, and that's how the relationship began between Paul Steil and Sid Garfield.

They became very close friends, Paul Steil and Sid. And actually after Sid was divorced from Virginia, Paul took care of Virginia until she died. He made sure that she was properly cared for--that sort of thing. The Steils have been very close to Sid. Recently, when Sid died, Karl was virtually the only one outside of the immediate family that was at the funeral ceremony.

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*Kay interview, Regional Oral History Office.

Huth: Have you heard that he has recently retired?

Smillie: Yes. I find that to be tragic. I'm very unhappy about that because Karl Steil is a person I've always admired, and appreciated. When he came north, he just made the northern California region over, from a region that was very hostile, with an angry group of doctors--angry at Mr. Kaiser, angry at the health plan, angry at the hospitals.

Huth: How did he do it? Do you know? What was it about him?

Smillie: He just quietly sat down with Dr. Cutting, and the two of them said, "Let's work things out." He didn't make any grand presentations to the doctors, but he won over Dr. Cutting, and in the long-term he won over the executive committee, and that did it.

Huth: Was the way he worked sort of informal at that time, too? Was it just his way of talking to people?

Smillie: Yes, but he was very straightforward. He never did anything behind anybody's back. He was much too honest for that.

Huth: What was it like to be part of a super big bureaucracy, which it had become by the time you came in?

Smillie: I always regarded myself as one of the littler fish in this bureaucracy. I had mixed feelings. On one hand I wanted to see things done, and I wanted to be part of doing them. I was never on the executive committee until I became physician in chief in San Francisco. I was never privy to any of those so-called "secret meetings." In those days, we didn't publish the minutes and send them to all the partners like they do now.

Huth: So you never really knew what things were going on?

Smillie: I hardly knew what was going on unless Morrie Collen came back and told me what he wanted me to know.

Huth: And he kept quiet about other things ?

Smillie: And he kept quiet about things he thought I need not know. So at the time the Tahoe arguments were going on, I knew very little about what was going on. I didn't really find out what went on until I wrote this manuscript.

Huth: I meant to ask how you were involved in it at this time, but you weren't really involved.

Smillie: I wasn't really involved at the time. I knew something was going on, but I sure didn't know what it was. I knew that Dr. Collen was troubled, but he didn't tell me what his troubles were.

Advantages and Disadvantages of Bigness, and Organizing to Cope With It

Huth: What was good because there was bigness? What could Kaiser do because it had this large entity that it had become?

Smillie: First of all, two things: we could generate capital to build more hospitals--bigger hospitals, and improve the hospitals we were in, and we could buy modern equipment, and technology, and things of that sort.

Huth: So when new things came out, they could pretty much put them in. And was that true of other hospitals, generally, that were not Kaiser hospitals?

Smillie: Yes. We, in Kaiser hospitals, were sort of put in the position of trying to keep up with the Joneses. And it took a fairly large size population to support a hospital. A hospital is an expensive thing to support.

Huth: What would have been better if it hadn't been so big?

Smillie: Oh, I'd say you'd know your patients better, and your patients would know the personnel better. The personnel wouldn't have so many different people to deal with, and the appointment systems and the telephone systems would work better in a small system. Probably when your daughter was born, our telephones were an abomination to all the members.

We had enormous problems at Geary Street with our telephones. I'll tell a funny story about that because I think it belongs in an oral history. On Monday mornings--particularly Monday mornings--people would have difficulty getting through to our place to make an appointment, or to call about a patient in the hospital, or whatever, because the lines were limited. They were all busy because lots of people were calling in for appointments. It got so that for most of Monday morning, all you could get was a busy signal, unless you were very persistent, and just called every second.

Huth: I remember that. [laughs]

Smillie: And it was awful. The number then was Jordan 744-4400. It got so that there were so many people calling into our lines in our switchboard that it tied up the whole Jordan exchange. The number for Mount Zion Hospital, which was about two blocks away, was Jordan 744-6600. People began getting the busy signal from our tying up the lines. They couldn't even get the Mount Zion Hospital.

Smillie: The story goes--this is folklore--that the president of the Pacific Telephone and Telegraph Company called Mr. Henry J. Kaiser, Sr., and said, "For God's sakes, do something about the telephones, and about your hospital on Geary Street. It's driving us up the wall." So Mr. Kaiser laid down orders that something be done.

Then we went into the lazy susan appointment center concept, that we inherited from Oregon because it seemed to work so well in Oregon. Actually, none of us really liked that system because it did two things badly. For file and retrieval of information, we had this lazy susan system, which was essentially an ox cart system. For personal relationships, it was ghastly, because those appointment receptionists who worked around the lazy susan were usually in a room with no windows. They never saw the doctors that they worked for. They didn't even know what the doctors they worked for looked like. It was a most impersonal kind of system.

Huth: And they worked many hours at the job.

Smillie: They worked long hours, and they resented it. Whenever we had a strike, it was really over the working conditions, such as that, that aggravated the strike, as much as the salaries and fringe benefits. It did relieve Jordan 744-4400, but it created enormous, other new problems.

Huth: That certainly fits as an answer to the question: "What happens with bigness?" They have two corporations that run the health plan and the hospitals, they're two separate corporations, and then six separate corporations for the Permanente service organizations, to provide the business and administrative services for the health plan, hospitals, and the medical group. I wonder how having these separate entities fits into the team concept? Isn't there a tendency, because they're set up as separate corporations, to work for their corporation, and for what they see as who they work for, rather than as part of the team?

Smillie: No, in each region, there is still a regional manager for the hospitals and health plan, and a medical director for the medical group. The regional manager and the medical director in each region are what we call the top management, in a concept that Kaiser Permanente has really pioneered, which is duality of management. In a sense, the regional manager doesn't make any decisions that might even remotely affect the medical group, without talking to the medical director.

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Likewise, the medical director never acts on anything concerning the doctors or delivery of health care that might affect the health plan or the hospitals, unless he first goes over it with his counterpart--the regional manager. For instance, in northern California, until

Smillie: Mr. Steil retired, Dr. [Bruce] Sams and Mr. Steil just talked over everything. Dr. Sams is the medical director who succeeded Dr. Cutting in northern California. And, by the way, there are more than six such autonomous medical groups now.

Special Services and Hospital Design

Huth: What can you tell me about the Permanente Services Organizations, the six corporations providing specialized services?

Smillie: Oh, those service organizations don't exist anymore.

Huth: Oh, they don't? They've gone out of existence? Did they have to do with purchasing for all services and operation of the pharmacies?

Smillie: Yes.

Huth: And transportation for both the hospitals, and the medical group?

Smillie: Yes. Plus financial management, and budget preparation.

Huth: I read about this in one of Dr. Garfield's interviews, and that was in 1974, so it did exist in 1974. Do you know when it ended?

Smillie: It ended shortly after Kaiser Permanente became a qualified health maintenance organization, and that was late in 1976--or maybe it was just before they became qualified.

Huth: But it had something to do with the HMO qualification?

Smillie: It had to do with the qualification as an HMO.

Huth: Now, will you please tell me about hospital remodeling, and any problems that you ran into with that? Do you recall any problems with attempting to remodel any of the hospitals with the central--

Smillie: Corridor? Corridor concept?

Huth: Yes.

Smillie: I don't recall any specific problems. I never had any problem with the concept of the central corridor for the staff and the peripheral corridor for the visitors.

Huth: You liked that?

Smillie: That was one of Dr. Garfield's ideas that I really liked. There is a problem with it that we ran into in San Francisco, and that is that we had virtually no storage space for large technical equipment anywhere. It just wasn't provided for in his scheme of things.

Huth: Was it because he couldn't forsee that you were going to need this?

Smillie: I guess it was because he couldn't forsee that. If you go through a central corridor hospital now, and if the hospital is at all busy, you will find all sorts of crazy looking equipment parked in the hallways.

Huth: So it's in the hallways, rather than where it should be?

Smillie: Yes.

More on Permanente People: Second Generation Doctors and Members

Huth: Will you please tell me about your relationship with Dr. Richard Moore? What can you tell me about him?

Smillie: I didn't know Richard Moore very well because I never worked in the same place where he worked. I've seen him several times socially at the Cuttings' house because he and Dr. Cutting actually went to Grand Coulee together way back when. He was a great jokester, a very happy-go-lucky kind of guy. That's about the best I can say.

His son, Stephen, is a pediatrician in Santa Clara, or San Jose, one of the two down there, right now. There's a situation where you have a second generation doctor in the program.

Huth: Yes. As the program gets older, that's likely to happen more and more, don't you think?

Smillie: Yes. I just learned last week that one of my patients in San Francisco, Pamela Burleson, is very likely to be the chief resident in medicine at San Francisco. And I took care of her from a newborn on. It wasn't as though she were already a big girl when I took care of her. So that kind of thing is very exciting and rewarding to me, personally. It means that this organization has some traditions, you know, that are important, some history and some traditions that are important.

Huth: And it probably means something if the children of the people involved decide to come in, too.

Smillie: My last few years of practice, which ended in 1977, were virtually limited to the children of children that I had taken care of.

Devising an Acceptable Budget Through Dual Management

Huth: Will you please tell me about the setting of the health plan membership fees? Do the doctors have any input into that?

Smillie: You mean the dues that are paid each month?

Huth: Yes.

Smillie: Yes. They do not have the final decision. The final decision belongs to the Kaiser Foundation Health Plan management. But in preparing another budget which determines those amounts, the medical group prepares its budget. First of all, the health plan tells the medical group how many members they're going to have to take care of during that budget year, and just about when those members, as best as they can predict, are going to be coming into the health plan.

Based on that, and based on a formula or a ratio of doctors per thousand members, a prediction is made as to how many doctors are going to be needed for the following year. Then they take the incomes of the doctors that are there now, and the projected increases in those incomes that might be necessary, really, to retain those doctors and keep them happy.

Then you add into that the number of people that are going to be needed to assist the doctors in the offices, and in x-ray, and lab, and so forth, everything that the medical group is responsible for. Then you come up with a final budget, or a proposed budget, that is presented to the health plan, that states that the medical group is going to need $10 million, or $20 million next year, or something like that.

Then the financial planners in the health plan put that into the plan's formula. They also bring in what it's going to cost to run the hospitals and run the health plan. And that's essentially what determines the per member per month need for money, and the per member per month need for money is then translated into the member dues figure. So in that respect, the doctors do have a say.

Now, there have been times when, for other reasons, the health plan has proposed either too much increase, or too little, in the doctors' opinions. So there becomes a stand-off in terms of the doctors signing a contract for the following year. This has happened rarely, but it has happened. It happened to Dr. Kay one year. He may have told you about it.* It happened to Dr. Sams and Karl Steil, shortly after Dr. Sams succeeded Dr. Cutting. Things sort of sit there until the two of them work that out.

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*Kay interview, Regional Oral History Office.

Huth: And that's worked out as a part of the team approach?

Smillie: Yes. It really comes down to the two top people.

Huth: Does one of the two usually lead, with the other one following? Or is it much more mutual give and take, back and forth?

Smillie: It's pretty mutual. The regional manager, of course, has to say to the medical director, "I have the final authority. I can do what I want." But he doesn't want to do that. He doesn't want to do that because he has to work with that man, presumably the rest of his life.

Huth: So it's not likely he will do that. You might get a person coming in who would decide, "I'm going to use my power." But with the team approach, is it not only the doctors that feel that way? Do the others see themselves as part of this, so they give and take?

Smillie: Yes. That has been, until now, the beauty of the thing, and I hope it continues. It seems to work in the new regions also. I didn't mention that we have new regions in Hartford, Connecticut, and Raleigh, North Carolina, in Atlanta, Georgia, and of course Washington, D.C., and in Dallas, Texas. So there are five new regions in addition to six regions that we have already listed.

Huth: I've got this chart of all the regions.

Smillie: You've got the whole thing?

Huth: It's charted out, here. [shows chart] I've got this with the most recent information available. So we do have that.

Smillie: And in those new regions, I know that this duality of management thing works out very well. First of all, before they place somebody in that kind of responsibility, they speak to the counterpart, asking, "Is this a person that you can live with?", and they usually get together and have an interview before they ever work together, or have the assignment crystallized.

Organization for Supporting Services: Nursing, Pharmacies, and Laboratories

Huth: Can you tell me about the medical services, the nursing, pharmaceutical, laboratory services, and how those fit into the organization? How were they handled when you were--

Smillie: In a leadership role?

Huth: Yes.

Smillie: The nurses in the clinic worked really very closely with the doctors, and they tended to--well, I can't say that they tended to have a tenure that was definite, but I would say that the nurses and doctors, if they got along very well, and worked together, they really tended to stay there a long time. Sometimes you would get a nurse who was exceptionally good, and she would often get promoted into an administrative position. Sometimes that was disappointing, but you always were glad to see her better herself.

Huth: There were nurses for the doctors' offices, and then there were the nurses in the hospital. Was the hospital responsible for hiring those nurses?

Smillie: Yes, the hospital was responsible. And generally, there was a lot more turnover of hospital nurses. It was the kind of job, I think, that burns nurses out faster than the clinic jobs did. You would see the nurses change more rapidly, including the nursing directors and supervisors, and so forth. There'd be a fairly rapid turnover of those people.

Huth: Did the doctors have any input into their training program?

Smillie: Yes, yes. Of course, in the nursing school, which existed in Oakland for a long time, the doctors always helped, and they were part of the faculty of that school. The best nurses we ever got were out of our own Kaiser Foundation School of Nursing.

Huth: Was it because they were trained specifically for the Kaiser program?

Smillie: Well, they were really good nurses. They were better nurses not just because we trained them, but they were just better nurses. They were better educated, and they were better trained than a lot of nurses that came from other community hospital training programs. Some of our best administrators have come from the Kaiser Foundation School of Nursing. One was Gretchen Karnish. I hope you interview her. She's got a remarkable history in our organization. She was just a little, young graduate out of the nursing school, when I first knew her.

Huth: What did she go on to do? Did she become a nursing administrator?

Smillie: She became the administrator of Walnut Creek, and now she's in the Central Office in the Ordway Building. I think she is in charge of [the plan's] quality assurance programs for the whole United States.

Huth: We will suggest that she be interviewed.

Smillie: She's got a lot of history. She knows a lot. She's an outstanding individual.

Huth: Would she have also known Dorothea Daniels?

Smillie: Yes. I believe she would.

Huth: What can you tell me about the pharmacies and the laboratories?

Smillie: The medical group never had much to do with the pharmacies. They didn't run them, or anything of that sort, so I can't tell you much about them. They sometimes worked very badly, and sometimes they worked very well. It depended on the amount of space that they were allotted, usually, which was oftentimes too little.

We always ran out of space. Everybody did. [laughs] We always grew too fast. What was thought originally to be a generous amount of space turned out to be barely enough, or inadequate.

The laboratories were always run by the medical group, and they always had a physician pathologist who was in charge of the laboratories. Unfortunately, most of our physician pathologists were prima donnas, so it was always kind of funny, and always dramatic, too.

Huth: What do you mean--prima donnas?

Smillie: Oh, they were individuals who were really characters.

Huth: [laughs] All of them?

Smillie: Practically all. Except Mel Friedman, Dr. Friedman. He was one of the early ones. I think he was the first permanent member of the executive committee that wasn't part of the original seven. I believe he replaced Dr. Fitzgibbon, when Dr. Fitzgibbon left. Dr. Mel Friedman was a very quiet, unassuming fellow, and very bright, and he died of a malignancy much too early. His wife, Kay, still comes to the Retired Physician Association meetings, and she's a delight. I never worked in the same place as Mel did, but I always admired him. He was chief of pathology in Oakland, and I was in San Francisco.

Recalling Dorothea Daniels: An Extraordinary Nurse

Huth: What can you tell me about Dorothea Daniels and the school of nursing?

Smillie: When I first came north to join Permanente in 1949, Dorothea Daniels was the director of nurses at the Oakland hospital, and she ran that place with an iron fist. And she ran it well. But she didn't toady to the doctors, and some of the doctors didn't like that. Around 1950, if you were lecturing to a class of student nurses as a doctor, and you walked into the classroom, all of the student nurses stood up when you came into the room as a sign of courtesy and respect for the professor.

Well, Dorothea Daniels made her student nurses do that, but she didn't do it. She came from a different cut of cloth. She regarded herself, and I think quite properly, as a peer of any of the doctors that she was dealing with. If a doctor did something wrong, in her view, she would tell him. She didn't hold back. So she wasn't particularly popular with the doctors in Oakland. But she was a very strong individual.

I can't remember the sequence of events, but she also ran the school of nursing. I don't think this was at the same time that she was the director of nurses at the hospital, but she did run the school of nursing. She was very kind and generous to those student nurses, and for any of them who was a good student she would in some way find scholarship money for that young lady to go on to get a degree. So that young lady would become a leader in nursing, an administrator in nursing, rather than just a bedside nurse.

Huth: So she tried he help young people?

Smillie: She was very kind and considerate and thoughtful of the nurses. She was strict with them. She made them learn. She made them toe the mark from the standpoint of behaviour and the work produced when they worked on the wards in the hospital. But she was fair, and she was kind and considerate, too.

She had high standards of nursing quality, of hospital cleanliness, and so forth. I remember I learned an awful lot from her. She went down to southern California to be hospital administrator of the hospital at Sunset, where she worked with Dr. Kay. I don't know what Dr. Kay's relationship with her was, and how he feels about her, but she got to a retirement age. My working relationship with her began at the time when I finally got rid of this nasty clerk who became the hospital administrator in San Francisco.

I spent a year and a half or two years with that man. I think not a week went by but what I didn't ask that he be removed from my building. He was replaced by Dorothea Daniels because they didn't know [laughs] who to placate me with. She rented a little apartment across the street from the hospital. The hospital was on Geary Street, but her apartment was behind the hospital on another street. She was in my hospital day and night. She straightened that place out.

Smillie: And my doctors loved her because things were so much better with her than they were with this other fellow, who shall go unnamed. The place began to look clean. I remember one night--I don't know why I was at the hospital--but it was about ten o'clock at night. I was walking through the halls, and Dorothea said, "What are you doing here?" and I said, "What are you doing here?" because I knew she'd worked all day.

She said, "I'm just seeing to a few things." So she said, "Let's go through the hospital together," and we did. And every time she saw a little piece of paper on the floor, or anything like that, she stopped to pick it up. But she made sure somebody saw her stop to pick it up. And I learned that from Dorothea Daniels, and ever since that night, I did the same thing while going through that hospital on Geary Street. I may have been walking with a visitor, or with another doctor, or with a nurse, or something, and if I saw something that was on the floor that shouldn't have been there, I stopped to pick it up just to be an example. And I thought the world of Dorothea Daniels because that was the kind of person she was.

This is a different subject, but it's still Dorothea Daniels. One day at a board meeting--Dr. Keene told me this story--Mr. Kaiser--this was Henry J. Kaiser, Sr.,--asked Dr. Keene, "Do our hospitals provide quality care?" Dr. Keene thought for a moment, and he said, "I don't know. I don't know how we can judge how good the care is in our hospitals, but I'll find out for you."

So Dr. Keene then commissioned Dorothea Daniels to do a study of hospital quality of care in all Kaiser Foundation hospitals, not just northern California, but in southern California, and Oregon, and Hawaii. She came back, I think in a year, with a very thorough report, which showed that in some of the hospitals the quality of care could be improved, and in other hospitals it was excellent. But it was a very honest and straightforward report. It's probably on file in the Ordway Building today.

So she did the first job that now Gretchen Karnish is going to be doing--her student. It's kind of interesting.

Huth: Yes. That is interesting.

IV THE DRAGERTON, UTAH STORY, 1952

Huth: Will you please tell me more about when you were the physician in charge at the Utah Permanente hospital in Dragerton, Utah, and about the setup and your duties. I don't think that we've covered that sufficiently. We talked a little bit about it.

Smillie: I've written about that--probably in more detail than is necessary, in my history. You have a copy, and the story of the Dragerton thing is included.

Huth: Is there anything you'd like to say about this for the oral history?

Smillie: The history of how it came about through this Dr. Columbo in Dragerton is a story in itself, a very dramatic story of very poor quality rural health care medicine that was provided to the miners--those coal miners and their families--in that remote area of Utah. My involvement came with Dr. Garfield spending an evening at our house in Kensington, like I said before, when he challenged me.

So I went to Dragerton in Utah, which is about 150 miles southeast of Salt Lake City, and about sixty or seventy miles to the east of Provo, over a mountain range. We arrived there early in March of 1952--"we" being Lloyd and Jane Owen, both doctors from Oakland; Willard Carmel, from Walnut Creek; Steve Thomas, in obstetrics, from Oakland; and myself.

Dr. Wally Cook was already there. He'd been there for about two or three weeks. None of us had Utah state licenses to practice medicine. The hospital was closed, except that Dr. Cook was on duty, and an x-ray technician was on duty--in case an accident came in from the mines. But there were no accidents coming in because the miners, at that time when we arrived, were on strike, so that there wasn't any activity in the mines.

Smillie: It was cold. Dragerton is at about six thousand feet elevation. There was snow on the ground. There was an epidemic of measles running through the community at that time, and streptococcal tonsilopharyngitis, a streptococcal disease. We were there to replace Dr. Columbo and his assistant, who had both left town because of the strike, and because the United States Steel Corporation had purchased the hospital from Dr. Columbo because of the strike. United States Steel had given up on Columbo's operation of the hospital.

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Huth: Did any money pass as part of the changeover?

Smillie: If there was any money, I didn't know about it.

What happened was that the United States Steel president called Henry J. Kaiser, Sr., and said, "We have been forced to buy this hospital in order to get our steel mill in Provo back in operation, because we need the coke from the mine in Dragerton. We're not in the business of running hospitals, and we know you are. Would you please run this hospital?"

I guess Mr. Kaiser said, "I will run it if I can own it," I guess that's what he said, and so that's how that came about. So less than a week after that, we were all in Dragerton. Felix Day, who was an administrator, was already there, and he had purchased two houses, which were empty. He'd put furniture in those two houses, and we moved in.

Huth: So all of this big staff lived in two houses?

Smillie: Yes, the group of us. We were looking around the hospital, looking at the forms that Dr. Columbo used, and the medicines he had in his pharmacy, and so forth, and the equipment he had in the laboratory, trying to get ready to start, when this gigantic man named Alabam--that's all I ever knew him by, Alabam--who was one of the union officers, came in. And he said, "When are you going to start taking care of my people?" We said, "As soon as we can organize ourselves to get ready to go." He said, "How about ten o'clock this morning?" This was at about nine o'clock. We said, "We can't do it by then," and he said, "I think you can," [laughs] and so we did. We started seeing patients at ten o'clock.

We still had no licenses. Somebody in the Utah State Medical Society got wind of the fact that there were doctors practicing in Dragerton that didn't have licenses. Maybe Dr. Columbo tipped them off, or something. So we were ordered to cease and desist. We got on the train, and went to Salt Lake City to apply for licenses. We got a rather hostile reception from the chairman of the medical licensing board, a doctor who practiced in Salt Lake City.

Smillie: We went back to the hotel, and we didn't know what was going to happen. Then I got a telephone call, and I went back to this office, and this doctor who looked very disgustedly, and he said, "You guys have got a lot more power than I have." Apparently, Mr. Kaiser had called the governor of Utah, who instructed the board to give us our licenses. Then we got on the train, went back to Dragerton, and practiced.

Dr. Cook stayed a couple of more weeks and then went home to Oakland to become the physician in chief in Walnut Creek, when it opened. He was replaced by a doctor from Fontana, named Miles Fellows. My family joined me in one of these houses, and some more houses became available. Lloyd and Jane Owen lived in one house, and Willard Carmel lived in another, with his family. I guess Steve Thomas stayed with Felix Day, or with Lloyd and Jane. Oh, his family did finally come over too--much later.

We all stayed until July 1, and then we were replaced by a whole crew of doctors that we recruited.

Huth: Were they local doctors that you recruited in Utah?

Smillie: No.

Huth: Did you bring them in from the Bay Area?

Smillie: No. One of them was brought in from New York State.

Huth: Oh. New doctors.

Smillie: New doctors. New doctors. I hired a surgeon. I learned that there was a residency training program in Grand Junction, Colorado, which was about 150 miles away. I went over to see the chief of surgery that was running this residency training program, to find out if he had any residents that were finishing their residencies that might be interested in this job. He said, "Hell, Jack, I'm interested." So I hired the chief of surgery from the Veterans' teaching hospital in Grand Junction. His name was Jim McClintock. He came to Dragerton, and he stayed there two or three years. He essentially ran the hospital for the Kaiser organization.

Huth: Did Kaiser stay there?

Smillie: No. It became an independent group. That hospital is now closed. It's a church now; the building is a church. The nearest hospital is in Price, thirty miles away. There's still some sort of a clinic there, but that's all.

Huth: An interesting story, and all of that happened in 1952.

Smillie: Well, there's another part of it that's important, and that is our relationship with the United Mine Workers Union. Dr. Bill Dorsey, who was the regional medical director for that region of the United Mine Workers, was a rather frequent visitor of ours. He had been really instrumental in seeing that Dr. Columbo left this situation.

His nurse-assistant, Ada Krueger, was there almost weekly for some kind of a visit. They were very interested in the Kaiser Permanente organization. They went back to Denver, and got some people on the faculty of the University of Colorado interested in doing a feasibility study of a Kaiser program in Colorado. That resulted in the eventual opening of the Colorado region. So Dragerton was really a little seed that led to the birth of a new region in Colorado, although there's nothing in Utah now.

That's the last thing that I can say about Dragerton, except kind of an interesting thing. We went down into the basement of the hospital shortly after we arrived, and we found a lot of medications down there. But there was a barrel, I mean, literally a big one of these regular big barrels, full of phenobarbital tablets. There was enough phenobarbital in that barrel to put everyone in Dragerton to sleep for a year--continuously! It was just grotesque--the amount!

Julian Weiss, who was our head pharmacist in Oakland, came over and looked at this, and did an inventory on it. I think he must have taken a lot of that phenobarbital back to Oakland with him because there was incredibly more than would ever be necessary to operate the hospital in that community for fifteen years.

Huth: No one ever knew how it got there?

Smillie: Dr. Columbo apparently got it at a bargain rate--and so he took it all.

VI MORE ON THE KAISER PERMANENTE MEDICAL CARE PROGRAM

Closing the Kaiser Foundation Nursing School in 1976

Huth: Do you know why they closed the nursing school?

Smillie: Yes. More and more, nursing became a baccalaureate degree program, and not a certificate program based on three years of hospital training and experience. Most of the certificate programs across the country began to disappear. It became much more difficult for the school of nursing to recruit good quality students, even minority students who were given scholarships to come to the program. It became very difficult to get good quality students.

In addition, the cost of running the school was beginning to increase. So the lack of popularity of certificate based schools, the recruiting problems they had, and the costs all combined. There was a lowered enrollment. All of those factors combined to bring them to the decision, perhaps two or three years after they could have come to the decision, to close the school of nursing in 1976.

The school of nursing was a great thing for Mr. Kaiser, Sr. He loved the school of nursing. And every year, at the time of the graduation for the school of nursing, Mr. Kaiser hosted a party for all the graduates in the school--at his home. It was usually in July, so it was nice warm weather, and the swimming pool was open, and he enjoyed that enormously.

Huth: So it wasn't his idea to close it?

Smillie: No.

Massive Membership Growth in the 1950s

Huth: What do you think were the reasons for the rapid membership growth period after you came in? Around 1949 did it really begin to grow in membership? It had its very smallest size right after the war, and then it went up. Maybe it was already pretty big by the time you came in.

Smillie: No, it was small. There were only fifty thousand members in the whole Bay Area when I came.

Huth: Do you think the large size now is a problem? And at what point did the large size first make a difference?

Smillie: Yes, large size is a problem. I guess in the 1960s, the large size became a serious problem, because there were difficulties communicating, and getting the proper information to everybody. We hadn't worked out systems for communication; we were still working with small informal systems of communication. So size became a problem at that time.

The reasons for the growth are many. First of all, the growth at first, right after the war, was difficult because of lots of things. The labor unions were hesitant to ask for help taking care of their members because they regarded Mr. Kaiser as an industrialist and a profiteer.

On the other hand, the businessmen--the employers--were reluctant, for two reasons. It smacked of socialized medicine to them, and they felt that their employees might not like to be thrown in with the riffraff that had come with the shipyard days, who were the members of the health plan, mainly, at that time.

So there was a reluctance on the part of both the employers and the unions, and so there was great difficulty in recruiting new members. Furthermore, the insurance companies held a whip hand over the purchasers of group health insurance in that they demanded that seventy-five percent or more of the employees belong to the group that got this insurance, or they wouldn't insure them. They really wanted to hedge their bets to be sure that not just the sick people would take out the insurance. They wanted the well people, too. So they demanded either one hundred percent, or as little as seventy-five percent.

So those things combined to make marketing the plan in the early years very, very difficult. Some of the unions, though, came along, and several things happened to make some of the unions look at the Permanente Health Plan in a favorable way. I think the steel workers in South San Francisco did, and somebody else, and eventually the longshoremen with Harry Bridges' union.

Longshoremen, Federal Employees, More Fring Benefits, and Health Plan Dual Choice

Smillie: Harry Bridges decided to give up the one hundred percent coverage by an insurance company, and to require instead that all his longshoremen belong to the Permanente Health Plan. That was in 1950. He also demanded a coastwise contract, so that involved southern California, and we had to arrange with a plan in San Diego to cover longshoremen in San Diego. We had to arrange with Group Health Cooperative of Puget Sound, Washington, to do more than just take care of their cooperative members, but also to take care of the longshoremen, so there was a coastwise contract.

So those were difficult negotiations. But for a year, we had one hundred percent of the longshoremen. Now that created problems of its own because some of the longshoremen didn't want to belong to this new plan. Mr. Avram Yedidia, and I guess Mr. Art Weissman, too came up with this dual choice idea. The dual choice did two things: First, it gave the employer the opportunity to offer his employees a choice of an indemnity plan or our plan, so it was a favorable marketing tool for the Kaiser Permanente organization. But at the same time, it also allowed the individual the opportunity not to join Permanente if he didn't want to, so it also helped the patients and the doctors. The dual choice was a marvelous thing.

During the war, President Roosevelt had taken some administrative actions which said that an employer could avoid the wage and price controls thing, at that time, by offering health care as a fringe benefit. The Internal Revenue Service ruled that this benefit did not have to be counted as income to the employee, but was a deductible expense to the employer. So those things improved the market for health insurance generally, enormously. But they also helped the budding Kaiser Permanente organization.

Then a third thing happened, which I documented in my manuscript, if you want to look it up, and that is the federal employees' situation. Now, in northern California, we had already been taking care of federal employees, mainly through an arrangement that Sid Garfield had with a man named Al Brodie.

Mr. Brodie set up what was called collector groups in the federal employee groups. He would go to a group of federal employees, and find somebody who wanted to belong to this new organization, this new plan, and say, "Look, if you collect the money for the dues, I will pay you so much, and you can also be a member of the plan."

Mr. Brodie essentially set up an independent health plan. He did the marketing, and he did the recruiting of the collectors, and he did the members' services. If there were complaints, or problems, people didn't go to the plan about them, they went to Mr. Brodie. So he provided members' services.

Smillie: He collected, I don't know, I think a nickel per member, per month, or something like that, as a commission for this effort. So we had a rather large number of federal employees who were members through Mr. Brodie and his separate program, quite separate from the Permanente Health Plan.

Huth: He had once been an employee, and then he went out and became a private contractor?

Smillie: Yes, he was a private broker--is what he was. He became a private broker. Then he became a fairly wealthy man. He built a beautiful house in Atherton, and sent his son to Stanford, where his son became a famous quarterback, John Brodie, and so forth. That's Al Brodie's son.

Huth: That's an interesting story.

Smillie: Now, the federal employees, the Congress, the Civil Service Commission, and the Civil Service Committee of Congress decided that the federal employees should all be covered under one plan. So they began negotiating with Blue Cross, which meant that we would probably be losing all these federal employees that Al Brodie had signed up.

I think Al Brodie also did the same thing in the Oregon region because they had federal employees up there, too. And that's an important part of the story.

During the Eisenhower administration, Mr. Weissman and Mr. Yedidia went to Washington to try to persuade the Civil Service Commission and the congressional committees concerned with this that dual choice for federal employees was important. For very selfish reasons, we wanted to retain our membership. We had a rather large number of members that we would lose if they all had to go into a Blue Cross plan. They were kind of discouraged about the receptions that they got in Washington. This was one of our earliest lobbying efforts. It was very interesting.

There was a Senator Richard Neuberger, from Oregon, I don't know if you remember the name.

Huth: I remember the name.

Smillie: Senator Neuberger was chairman of the Civil Service Committee on the Senate side, and he had been a member of the Permanente Health Plan in Oregon, as a writer for the Portland Oregonian. I think that was his relationship. Senator Neuberger knew that dual choice not only worked, but it worked very well. So he ran this thing through the Senate, and persuaded the House and the Civil Service Commission--from his position of authority as a Senate committee chairman--to have dual choice. And that's how the multiple choice, or dual choice thing, began in the Federal Employee Benefits Program.

Smillie: Senator Neuberger was a patient of Dr. Ernest Saward. Dr. Saward also went to Washington to persuade Congress of the benefits of dual choice.* It has been probably the most successful federal medical program that ever existed. And the Kaiser Permanente organization is really responsible for it. Otherwise, all federal employees today probably would be members of Blue Cross, and we'd have far fewer members than we do.

Huth: Could you push for this because you were where these federal employees were, where they were located?

Smillie: Yes. So all of these things combined that I've told you about, the changes in regulations, and IRS deductions, and union and employer attitudes, and so forth, have gone together to make for the rapid growth of the Kaiser Permanente Health Plan and organization.

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*Saward interview, Regional Oral History Office

VII CHIEF OF PEDIATRICS AT KAISER PERMANENTE MEDICAL CENTER, SAN FRANCISCO, 1954 TO 1961

[Date of Interview: March 29, 1985]

Huth: What were your duties in the various posts that you had at Kaiser Permanente in San Francisco after the Geary Street hospital opened?

Smillie: Okay. As chief of the department of pediatrics, which I held from 1954 to 1961, that's exactly when it was, I had responsibility for the organization of the department, making call schedules, and recruiting.

Huth: What were the call schedules?

Smillie: That was for designating when doctors were on call at night and weekends, and that sort of thing. I had responsibility for seeing that the quality of care practiced by all of the pediatricians in my department was at least satisfactory to me and to the patients.

Recruiting Physicians and Minorities

Smillie: I had responsibilities for recruiting doctors when we needed new doctors, which involved a complex process. We'd look at our appointment schedules to see how far behind we might be, and how difficult it might be for patients to get appointments, and at the proposed growth of the health plan that the health plan would tell us about. And we'd look at the kind of people that would be coming into the health plan, whether or not they were single adults with no children, or they were families with large numbers of children; this was important.

Smillie: So we had to sort of guess a little bit about recruiting new doctors. Recruiting new doctors meant finding out who might be available, what kind of applications had come in, looking at those applications, interviewing the doctor, and checking out the references that he had, or even some that he hadn't given, so that we could check out how a doctor was doing from people that knew him, or her, and knew how they practiced.

Huth: What kinds of people were you looking for?

Smillie: I was just looking for good pediatricians.

Huth: Where did you go to find them?

Smillie: Many of them were right there in San Francisco. They oftentimes would just drop in and inquire about the availability of jobs. I remember Dr. Clifford Uyeda, a very well-trained Japanese physician, just dropped in one day at a time when I needed a doctor, so we hired him.

Dr. Robert Burnip, who's still there, and is assistant chief of the department, has been there for years. He's a marvelous pediatrician, with a large following of people who won't see any other doctor but him. He just dropped in one day, and he was from UC San Francisco. All I did with Bob was to call over to UC San Francisco and talk to the people who had worked with him, and so forth.

Some of the doctors had worked as residents in our program. We hired a couple of those, the fellows that we had trained ourselves. Some of them wrote to us from medical schools or training programs in the East, and we encouraged them to come out for an interview, and worked that out that way.

Huth: Did you ever go East to recruit?

Smillie: No. It wasn't necessary for me to do that because San Francisco was such an attractive city for people to come to and live that there was no shortage of applicants for pediatricians. Now, this isn't true in some of the other specialties, and it isn't true of some of the other locations in the Kaiser Permanente organization. I know the Southern California Permanente Medical Group used to have a team of doctors that went East every year in February, when the weather was the worst.

Huth: Dr. Kay said they took turns, and they all went East, each specialty.

Smillie: They did that, but we didn't have to do that in San Francisco. Dr. John Mott, when he was in charge of Sacramento, did a little travelling, because it was a little more difficult to get people to come to Sacramento than it was to come to San Francisco. So we didn't have that kind of problem.

Smillie: Other than that, pediatricians tended to gravitate more to a prepaid group practice than some other specialties.

Huth: Could you tell me something about the hiring of minorities--women, black physicians, and orientals--whether they were already being hired when you came in in 1949?

Smillie: No, they weren't. Well, women were being hired. There was no problem with qualified women. And Asians were being hired, Japanese and Chinese physicians. With blacks, it was a little bit different at first. There was an incident--I can't remember the date, but--

Huth: Would you tell me about it?

Smillie: The incident? It was in the Oakland hospital, and the Intern-Resident Committee had committed themselves to a black intern.

Huth: Do you know about the year, approximately?

Smillie: Oh, it was very early, probably 1951 or '52. It was way long ago when things were really different.

The authorities as the Oakland hospital--not the Intern-Resident Committee, whose members had committed themselves to it--felt that after the intern arrived, that he should only work on services in which the patients would have a choice of another intern, other than he. In other words, he wouldn't be on a service alone, where the patients didn't have a choice of a white doctor instead of him.

Huth: Was he a specialist?

Smillie: No, he was just right out of medical school, an intern. This kicked up quite a fuss, both among a lot of the doctors in the Permanente Medical Group and in the outside community that heard about it.

Huth: Were the doctors generally supportive of this?

Smillie: No. No, many of the doctors were not supportive of the administrative decision to do this. See, at that time, we had a policy at the Oakland hospital and our hospital in San Francisco that if a black patient came in, they would be placed in any room with a white patient. There was no segregation as far as patient placement was concerned.

The authorities, namely Dr. Garfield, and I guess doctors Baritell, Cutting, and Collen, felt that the patients ought to have a choice of having this fellow as a doctor for them or not. But as a result of all the fuss that was kicked up, why, that policy was dropped, and after that there was no problem, actually ever, hiring black physicians, that I can recall.

Huth: At least not in Oakland or San Francisco, that you knew of, or anywhere?

Smillie: I don't think in anyplace in the region. I'm not sure that we aggressively went after minority or black physicians, or even women, or Asians. It's just if they showed up, and they were qualified, we would hire them. Since then, of course, as part of our requirements from the federal government as a contractor providing services to federal employees, we have to have an affirmative action program, and certain kinds of goals in terms of minority and women hiring. I've noticed lately that we have far more women in our group than we used to have.

Huth: You're speaking of pediatricians?

Smillie: No, I'm speaking of doctors in every category. They have also been promoted to responsible jobs as chiefs of departments, and assistant physicians in chief, and that sort of thing.

Huth: Have they been promoted to physician in chief?

Smillie: I don't think we've had a physician in chief yet, although on the other side of the equation, some of our women medical center administrators have had the top job in each facility, and some have reached the top of the Kaiser Foundation Health Plan in new regions. There's a woman who's a regional manager in the Connecticut region, and there is a black who is a regional manager in our North Carolina region. So they have the top jobs in those areas. It just hasn't happened with the medical groups yet, but it will, I'm sure.

Huth: We were reviewing your duties, and we got to recruiting. I'm glad we went into that in some detail.

The Residency Program

Huth: Among the things that you said you were responsible for was the organization of the department, making on-call schedules, and then the responsibility for quality care and recruiting. Were there any other responsibilities, other than these, that stand out?

Smillie: We set up a teaching program to teach residents in pediatrics, which was approved by the American Medical Association and the American Board of Pediatrics. We immediately recruited residents, and so teaching pediatrics, clinical pediatrics, became a major responsibility of mine.

Innovations to Cut Costs and Improve Practice

Smillie: Another duty, of course, was cost containment, and being sure that the care we were providing was cost effective. This involves doing innovative kinds of things to reduce the costs so patients get good quality care, but at a cost they can afford, or most reasonably come close to affording, which was the goal, essentially, of the program.

So the chief of the department has that serious responsibility of balancing quality and cost. One of the things that we did that was really rather effective that way, I think, was early in the 1950s. It was standard practice in the community--for well babies--to see the well babies every single month during the first year of life, for twelve visits.

This routine, while it seems like it might be a very good idea, actually was not as beneficial to families as it should have been because families became overdependent on the pediatrician for advice. Everything that happened, the way the baby was diapered, the way the foods were added to the diet, and all sorts of things, were monitored every month. And the mothers were supposed to follow a very rigid routine, instead of following their own inclinations in raising their own child.

One of the things I learned in San Francisco, in my first few years before we actually moved out to Geary Street, was that I was inappropriately following this routine of seeing the babies every single month. I was giving the mothers a little sheet of paper telling then exactly what their instructions were for the following month. I found out that I had children of Chinese mothers, of black mothers, of Russian mothers, of Italian mothers, of Irish mothers, and grandmothers, and they didn't follow my advice very closely. It was really quite apparent that they were doing things their own way.

I looked at these babies, and they were all thriving, and I said, "What am I doing that's so necessary, when these babies are thriving in spite of the fact that they don't follow my advice?" I decided that there was one common denominator with all these thriving, happy babies: that the mothers were comfortable in their role as mothers, and that made all the difference.

So then I became very flexible about the advice. And this, of course, led to the fact that I didn't really need to see these babies every month, that the mothers were competent and happy in their roles as mothers. It wasn't necessary for the pediatrician to be so rigid about this advice, that they have four ounces of milk every four hours around the clock, and that sort of thing, and that they depend on the clock.

Smillie: And so we reduced the number of visits that the family made every year. We had the babies at the proper time for their immunizations, for their shots against measles--well, we didn't have measles then--diphtheria, whooping cough, tetanus, and polio, and smallpox. We cut down the number of visits to about six visits a year. And the babies still thrived, and the families were happy that they didn't have to make those extra trips to the doctor.

It immediately improved accessibility. We all, all of a sudden, had a lot of appointments available that were hard to get before that time. And it essentially reduced the number of pediatricians we needed overall in the program. And so that was a cost saving mechanism that also improved quality, because the families became more self-reliant in the care of their own families.

That kind of thing--those were the kinds of things that intrigued me. If you could improve quality and control costs, or contain costs, or decrease costs at the same time, we thought it was great.

Another thing we did was reduce the number of tonsillectomies that we did. Early on, when I first joined the program, if a child had three or four sore throats, or tonsillitises a year, and the tonsils were large, we would schedule them for a tonsillectomy. We had a long list of children that were scheduled for tonsillectomy. I remember, oh, the year I joined the program in 1949, Dr. Cutting and Dr. Garfield were getting up at four o'clock in the morning and coming in to the hospital in Oakland, and they were doing tonsillectomies one after another, between five o'clock in the morning and seven o'clock in the morning, when the regular surgical operating room schedule started, in order to reduce the backload of tonsillectomies.

I think Kaiser Permanente was one of the first organizations in the United States to question the value of doing tonsillectomies.

Huth: I remember Dr. Paul Rousseau believed in that. My daughter, Carol, had a lot of tonsillitis, and she never did have her tonsils removed.

Smillie: It was kind of interesting. We sort of went around and said to all the doctors that had children, "How many of your children have had a tonsillectomy?" And very few of the doctors' children had tonsillectomies. It was a very popular operation, and there was a great demand for it by parents, so we did spend an awful lot of time talking parents out of tonsillectomies.

I remember one day--this is a duty that I had as an assistant physician in chief, which came after 1954--I was looking at the admitting schedule, and one of our ENT doctors had scheduled a family of four children to have a tonsillectomy, all on the same day. As a pediatrician, I knew that there was no possible justification for doing four children in one family. They couldn't <u>all</u> have needed tonsillectomies at the same time.

Smillie: It was a matter of convenience either to the doctor, or to the family, or to something, that this was being scheduled. Maybe one of those four children might have needed a tonsillectomy, not all four of them. So I questioned that, and I think it ended up that they actually did do the tonsillectomies on all four of them, but that ENT doctor never did that again.

So there again, we became very conservative about doing tonsillectomies, and did them only for repeated ear infections, and mainly then, it would be an adenoidectomy. It reduced the backlog. It eliminated the backlog of children that needed tonsillectomies, and the ear, nose, and throat doctors had time for office consultations, or more kinds of really more necessary surgical procedures than just doing the tonsillectomies.

I had two experiences at the same time that convinced me about tonsillectomies. One concerned a child who had a classical indication. He had what we call adenoid facies: mouth breathing, thin, gaunt face, and so forth. This was the kind of thing that even the conservative pediatrician would, at that time, say needed a tonsillectomy.

So we scheduled him, and it was some months ahead. There was some backlog, and he and his family went to the Sierras for a vacation. While he was up in the Sierras, he became very ill with intestinal bleeding, and almost went into shock. As they came down from the mountains, they couldn't even get back to San Francisco. They stopped at the Oakland hospital, where he was operated on immediately for this intestinal bleeding problem, and he promptly recovered.

The net effect of that operation was that his tonsils became small, his adenoids became small, and he didn't have the adenoid facies anymore. It was as though he had had the tonsillectomy, although he had not.

Huth: What was the operation that he had? You said he had an operation. Did they remove something?

Smillie: They removed an abnormality in his intestines, a diverticulum of the intestine that was bleeding.

There was another child that we actually had on the table for the tonsillectomy, and while the anesthetist was anesthetizing the child, the child had a loose tooth come out, which she aspirated into her lung. So instead of doing the tonsillectomy, the ear, nose, and throat specialist bronchoscoped the child and removed the tooth, and they never did a tonsillectomy. And that child's indications for a tonsillectomy faded away without the tonsils being taken out.

Smillie: These two episodes taught me some lessons. And so I became very conservative, and I began to practice a conservative kind of medicine to get the child in good shape so they didn't ever need the tonsillectomy. That was, again, a thing that I think improved the quality of care, and essentially contained the cost of care. It can be done. It also told me that there is no straight line relationship between quality and cost.

Many doctors feel that the more quality you provide, the more costly the care is. I don't believe that at all. I think you can provide better care sometimes, in some instances, at less cost.

Huth: What you have to do is just watch to see what you should do. Is that it?

Smillie: Yes. So this kind of thinking went into my job as chief of the Department of Pediatrics. We talked about these things repeatedly in departmental meetings, and so forth.

Huth: Did some of your colleagues come up with ideas like this?

Smillie: Yes.

Huth: And then would you do something about them?

Smillie: Yes.

Department Chiefs as Communicators and Pivotal Leaders

Smillie: I guess the last duty of a department chief would be to relate to the other department chiefs, the other departments, and to the physician in chief, in the way of communicating, and cooperating, and that sort of thing, and meeting with them. So that pretty much tells about the duties as a chief of a department.

It's been a classical truism in the Permanente system that the chief of a specialty department has been a key figure, because they're the ones who balance this business of quality and cost every single day, in a working way. The physician in chief in the executive committee and the executive director only do it in an overall, distant way. But the chiefs of the departments are really the key people of our system.

Huth: And in the system, how do they work? Do they have regular meetings with the staff?

Smillie: Yes.

Huth: Do they have a set time that they meet?

Smillie: Most departments of more than three physicians would meet weekly at a luncheon meeting, when they would be ordinarily eating lunch anyhow, and not seeing patients. So it would be a luncheon midday meeting. The minute they saw their last morning appointment, they'd go up to a little meeting room and have lunch, and at the time when their next appointments were, they'd go back to the clinic. And that usually was weekly.

Huth: And were they required to attend these meetings?

Smillie: Oh, no, you couldn't require them. But if anybody really skipped this meeting repeatedly, why, he wasn't really being cooperative, and the chief of the department would--I guess I was forgetting the sore point of a chief's duty. Once a year you would really evaluate each physician in your department, with the idea of giving him a merit increase for the following year.

We deliberately avoided--in our program--giving cost of living increases across the board. Every doctor was evaluated by the chief of the department, yearly, and the executive committee would usually set out, for a budgeted year, how much increases could be given per doctor. So a department chief would have a budget of say--if he had seven doctors, he might be given a budget of $700 for increases in the drawing account or salary of the physicians for the following year.

But he didn't have to divide the $700 equally among the physicians in the department. If somebody was really outstanding, he could give that doctor $200. And if somebody was goofing off, and not carrying his share of the load, not attending these meetings, maybe practicing good quality care, but not being very productive in terms of taking care of extra patients when the loads got heavy, and that sort of thing, you could give him $50 or $25, instead. So you could give somebody $200, and somebody else $50, or even no increase at all.

Huth: A form of merit pay.

Smillie: Yes, it was entirely merit pay. There was a problem with this, and that is that it gave the department chief an enormous amount of power over each individual physician. Sometimes physicians got to resent this because chiefs of departments are only human, too, and they conceivably could have favorites among their friends.

Huth: Could the doctors play politics, so that they got into the good favor--

Smillie: There was a little of that, yes. But it was a very effective tool if you wanted to get rid of a doctor without firing him. You could just not give him an increase, and explain to him that you're not giving him an increase because you don't think he deserves it, and that usually aggravated him enough so that he would leave the group. So it was an effective weapon to weed out the doctors that didn't really come up to our standards.

VIII ASSISTANT PHYSICIAN IN CHIEF AND ASSISTANT CHIEF OF STAFF, 1957 TO 1961

Huth: We went into your duties as staff chief of the pediatrics department, and now we should move on to assistant physician in chief, and assistant to the chief of staff, and how you happened to have two jobs at one time.

Smillie: In the Kaiser Permanente system, these are really one job. They're not two jobs; they're just two titles for one job. One is an appointment by the Permanente Medical Group as the assistant physician in chief of the Permanente Medical Group, and the other is an appointment by the board of directors of the hospital. And the duties, essentially, interrelate.

It's just a kind of system that combines the assistant physician in chief and assistant chief of staff of the hospital in one job so it works better.

Working With Dr. Morris Collen

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Smillie: The duties I had there were to assist Dr. Collen in any task that he might assign to me, and there were numerous tasks that I cannot remember now, but primarily I was a liaison and a communicator for Dr. Collen.

Some of the time, at that time when I had this job, he was busy with regional activities. There also was a six week period during this time when he was ill. He got whooping cough as an adult, so he was out for six weeks, and so I essentially replaced him and took over his responsibilities during that six week period. That's essentially the job there.

Problems Filling the Chief of Pediatrics Slot

Huth: Did you also have some of the duties that you told me about as chief of the department? Or were you then moving away from that?

Smillie: I was still chief of the department during much of this time. But that got to be too burdensome, and I think the last year or two of my tenure as assistant physician in chief, I had another fellow as chief of the department.

First Dr. Robert Burnip acted as chief for a while, and then Dr. Nat Lethin was chief, but Dr. Lethin was a very poor communicator. The minute he got in administrative responsibility, this fellow who'd been very popular and very open with everybody in the department, began to communicate with the people in the department by memo, by paper. And he soon found that the doctors resented that. They wanted to talk to him, and have him talk to them, and have a give-and-take kind of relationship, which is what we always had had. So he was chief of the department for a very short time.

Huth: So he didn't change his method, then, to no memos and communicating better. He couldn't do that?

Smillie: No, he just decided that he wasn't cut out for administrative responsibilities, and I think he made a wise decision.

He was replaced by a young man who had worked with me in the early years at 515 Market Street, as a moonlighter while he was working in the virus lab when he was with the California Department of Public Health. He was a good pediatrician, then working in the virus lab at Berkeley, and he would come over and see patients at night because he was clinically oriented.

He'd left the public health service, and gone into practice with his brother in a city in New Jersey, not far from New York City. He didn't like the way his brother practiced, after two or three years, so then he got an academic job at Cornell Medical School, where he was a full-time faculty member in pediatrics, and he became a specialist in infectious diseases. His name is Henry Shinefield.

Henry used to talk to me when he was moonlighting--about the philosophy of Kaiser Permanente, and about the way we operated. And he enjoyed it, even though it was just a moonlighting job for him. Well, one day when I was really looking around for a chief of the department, Henry happened to walk in. By this time, he was nationally known for his research in staphylococcus disease of the newborn in nurseries. He had a national reputation. So I offered him the job as chief after having him go around and talk to every single doctor in the department. And they were all very enthusiastic about Henry coming in

Smillie: as chief. I think this was 1957 or 1958, something like that. So he agreed to leave Cornell Medical School and his academic career, and so forth, and move west. He became my chief of pediatrics in San Francisco, and he still is the chief of pediatrics in San Francisco.

Huth: Why would the existing members of your medical staff be willing to take someone from the outside?

Smillie: They had been through the two fellows that were most qualified in the department already, and they were willing to look for somebody outside. I guess the mistake I might have made was not looking for a chief of the department among the doctors in Oakland or in the other facilities. I just didn't look outside San Francisco. The minute Henry walked in--

Henry and I had always had an affinity for each other. We were very close friends. As a matter of fact, Henry, when he was first married, and he was still living in New York--he married a girl named Miss Land, whose father started the Polaroid camera thing. On his honeymoon, he came to California and rented a convertible, and I remember Henry and his new bride driving up to our house up in Greenbrae.

At the time he came to us as chief of the department, though, he had been divorced from the Land girl for quite a while, and had a new bride and a new baby, actually. Incidentally, that baby is now in her second year at UC Berkeley.

Huth: So that's how he was recruited. Is there anything you want to say about the duties?

Smillie: Well, I think I have said that it was mainly as an assistant to Dr. Collen, and filling in for him when he wasn't there.

Huth: What years were you doing this?

Smillie: It was a four year period, from 1957 to 1961.

Huth: And then what did you go on to?

Smillie: That brings up the San Diego venture.

Huth: Oh, yes, that's right. That happened in 1961.

The Southern Venture: San Diego, 1961

Smillie: I think we ought to talk about the San Diego venture.

Huth: This is a very good time to do that.

Smillie: The San Diego venture began as a result of unhappiness, primarily. Well, one of the reasons was that the medical group generally was unhappy with Mr. Fred Tennant, the regional manager that had been imposed upon the group in spite of the Tahoe agreement that anybody that was placed in a responsible position would be cleared with the medical group. I'm not sure it was the things that Fred Tennant did as much as the fact that he had been placed there.

At any rate, the medical group had what it felt were some justifiable grievances against the health plan board, and particularly against Mr. Henry Kaiser, Sr. Furthermore, they couldn't forget the fact that the plan had been essentially a doctor oriented plan prior to 1952, when the board really just went along with what Dr. Garfield wanted. And they couldn't forget that the organization of the hospitals, the organization of the medical group, and in many ways the relationship with the health plan, was doctor dominated prior to 1952. And the leadership was having great difficulty, nine years later, remembering that.

So it came upon them, the idea that perhaps the Permanente Medical Group could be a health plan someplace else. There was no Kaiser Permanente Health Plan in San Diego at the time, and they asked Dr. Kay, in southern California, if the Southern California Permanente Medical Group had any plans ever to go to San Diego.

Huth: Was this the whole region--the whole northern California region medical group?

Smillie: Yes. The whole northern California region medical group. Dr. Kay, at that time, was having problems of his own, I guess, and so he said that he didn't anticipate starting up a plan in San Diego. So Dr. Collen and some others went to San Diego to check out what was going on there.

Huth: Do you know who else went with him?

Smillie: Yes. Drs. Cutting, Baritell, and Neighbor.

Huth: Did Frank Jones go?

Smillie: No, I don't think Frank Jones went. And I don't think Al Brodie went. There was somebody from the health plan that went.

Huth: How about Day, Felix Day?

Smillie: No. No, not Felix Day. Definitely not Felix Day because Felix and the medical group didn't get along very well. That's another story that we'll come to after the San Diego venture because Felix Day had placed a hospital administrator in San Francisco with the specific idea that he was to counter and aggravate Dr. Collen, in order to try to get Dr. Collen to back off.

Huth: To get him to back off from what?

Smillie: From being physician in chief in San Francisco, and perhaps discouraging him from doing other things. I remember, as assistant physician in chief, almost everything that Dr. Collen proposed was opposed by this fellow, who was now a hospital manager with whom he had to work every day. It was a very tense and ugly situation, really. It was really ugly.

Huth: Do you think that's one reason that Dr. Collen thought of going down there? Was it partly because of this man giving him so much trouble?

Smillie: Yes. It was clearly the reason.

Huth: Was he thinking of himself going down there to work with it, too?

Smillie: Yes. Oh yes.

Huth: He was really carving out another career for himself?

Smillie: He was going to be the regional manager of a new health plan in San Diego. They found a little hospital there in San Diego that they could buy, and they came back to the medical group's executive committee, which approved buying this hospital. And they went to the partnership, and had a partnership vote at a partnership meeting. It was overwhelming--so it wasn't just the leadership that was angry. It was everybody that was angry. So they decided to buy this hospital, and the hospital was purchased.

Huth: Do you know about how many partners there would have been at that time?

Smillie: About 170, I think; 170 to 200 partners.

Huth: And overwhelmingly for it? Were some not for it?

Smillie: I think there were over 200 partners, and I think it was something like 170 [that] were for it, and something like 30 were against it. It was that overwhelming. It was an immense vote. So they bought the hospital, and that took a little time to get through.

Smillie: Well, when the health plan found out about this, they were pretty upset. They were definitely upset. And there was a lot of tugging and hauling between the health plan and the Permanente Medical Group leadership over this action, which came to them as a complete surprise.

Huth: So it really was done without anybody talking about it?

Smillie: Yes.

Huth: So it didn't ever get back to the health plan or hospital?

Smillie: Yes.

Huth: It must have been hard to keep it quiet.

Smillie: I don't think really anybody tried to keep it deliberately a secret. I think that as soon as the hospital was informed about it, there were a lot of meetings between Mr. Trefethen and the leadership. And Edgar Kaiser stepped in and tried to be a peacemaker. One of the things they offered was that if the medical group would back off on this, the Kaiser organization would buy the hospital from the medical group at a decent price, so we wouldn't lose any money, and that we'd go into the San Diego affair as a partnership, rather than the medical group doing it alone. That was essentially Edgar's proposal.

Huth: Do you know how the doctors got the money in the first place? Where did they go to get it?

Smillie: We used our own partnership investment. See, each partner was putting in $2500 into the kitty as a partnership investment.

Huth: And had you already been doing this before the San Diego thing?

Smillie: Yes. So that was a routine saving for the kitty anyhow, and so we used that money, and the partners voted to use that money to buy that property. Edgar was kind of angry about this, and the more Dr. Kay began to think about it again, the more he was upset about it. He was kind of ambivalent on the thing because he felt that the doctors in northern California had a legitimate gripe about the way they had been treated by the health plan, and he said so. But he didn't think they should go into San Diego, where the southern California region might go, and in fact, did go eventually.

So Edgar and Ray Kay flew to Honolulu to see Mr. Henry J. Kaiser, Sr., and this was the first he had known about the San Diego venture. Well, he became furious about the thing, and then they came back on the very next plane that was available, with Mr. Henry J. Kaiser, to the mainland. Dr. Cutting, who represented the medical group as the

Smillie: executive director, was summoned to the headquarters in the Kaiser building, and Mr. Kaiser, Sr., talked to Dr. Cutting without looking at him. Mr. Kaiser was looking out the windows at the lake. What follows is the story Dr. Cutting told me, and you can get it affirmed by him.

Mr. Kaiser wouldn't look at Dr. Cutting, who had been a very great friend of his. He had lived with him during Bess Kaiser's illness, and so forth. They had been very close. And he said to Dr. Cutting that if the medical group went ahead with this, he was going to break the contract with the medical group in northern California, and destroy the whole program.

Dr. Cutting said, "Would you really do that, Mr. Kaiser?", and Mr. Kaiser said, "Yes, I will do that." So then Dr. Cutting said, "In that case, we won't go ahead with it." Mr. Kaiser turned around and faced him for the first time, and said, "Can you do that, Cece? Do you have that much power in the organization?" He said, "Yes, I do." So the destruction of the Kaiser Permanente program, at least in the northern California region, was avoided by Dr. Cutting saying that we would back off.

What happened was: instead of selling the hospital to the Kaiser hospital group, they sold, I think, to a group of osteopaths in San Diego, and there was a considerable profit made by the medical group in the sale of that hospital. So we got all our money back, and in addition to that, we took the mortgage ourselves, and the group that bought the hospital kept paying off the interest on the mortgage for I think maybe ten years after that episode.

Huth: So you had some income coming in.

Smillie: We had income coming in for a long time after that.

The Medical Methods Research Project

Smillie: Now, Dr. Collen had really already separated himself as physician in chief in San Francisco, and Dr. Cutting had made me physician in chief. Dr. Collen had no job. But they recommended to the executive committee that they establish a new department of the Permanente Medical Group, called Medical Methods Research, and Dr. Collen was made director of Medical Methods Research.

This fulfilled, actually, a really long-time dream of Dr. Collen's, in that he could work on a program using computers. Dr. Collen had an electrical engineering degree, and so he was very knowledgable about computers, way back in 1961, and before that. He had a dream of putting the medical records of all our patients in all of the northern California region into a computer, of automating the multiphasic examination by using computers, and so forth.

Smillie: Medical Methods Research also had responsibility for investigating new methods of delivering care at a reasonable cost, and it also had responsibility for health education and patient education. So it was a threefold kind of charge that was given to Medical Methods Research. And those charges have continued to date, and the Medical Methods Research Department continues to date.

Huth: Who's there now?

Smillie: Dr. Edmund Van Brunt is the director of Medical Methods Research. He succeeded Dr. Collen. Then Dr. Krikor Soghikian--that's an Armenian name--was put in charge of the patient health education area. And a fellow named Dr. Gary Friedman was put in charge of the related epidemeologic studies. Dr. Van Brunt, originally, under Dr. Collen, was in charge of the computer applications division of Medical Methods Research. There are three divisions.

Well, that takes care of Dr. Collen.

IX PHYSICIAN IN CHIEF AND CHIEF OF STAFF, 1961 TO 1971

Problems Working With One Administrator

Smillie: I, meanwhile, had become the physician in chief in San Francisco, on Dr. Cutting's recommendation. I remember that my first day, when this was announced, this hospital administrator--

Huth: This same troublesome one?

Smillie: Yes. The one that had given Dr. Collen so much trouble--

Huth: You're not going to name him?

Smillie: No, I'm not going to name him because of the story I'm going to tell you right now. He came into my office, and he put his feet up on my desk. He lit a cigar, and blew the smoke in my face, and he said, "Jack, you and I are going to get along." It was almost a command. And I kicked him out of my office. So our relationship began on a very bad note, at which time I called Mr. Day, and said, "Please get this guy out of here. I can't work with him."

Huth: Was it Mr. Day who had put him in there?

Smillie: Yes. He placed him. Mr. Day was regional hospital administrator, and he was responsible for placing him.

Huth: Why do you think Mr. Day put him there?

Smillie: Originally? He was really quite clearly--when you talk to Dr. Collen and Dr. Cutting, I think they'll both tell you that he was put in there to needle Dr. Collen, to oppose Dr. Collen, to block Dr. Collen's initiatives. It was a nasty thing that was done. Most of the things Felix Day did were wonderful, but <u>this</u> was unconscionable.

Huth: Do you think there was somebody else urging him to do that?

Smillie: Probably.

Huth: Who would that have been?

Smillie: I don't know.

Huth: Mr. Tennant, maybe?

Smillie: Well, certainly Mr. Tennant was Felix Day's boss. It's conceivable that Mr. Henry J. Kaiser, Sr., was the one who did it because Dr. Collen had been so outspoken during the Tahoe controversy.

Huth: He may have talked to him and told him to act that way?

Smillie: Yes. Well, I don't think it was that. He just said, "I would like to have somebody there to balance the strength of Dr. Collen." It may have been that kind of thing, because Dr. Collen was a very strong, persuasive individual. He was chairman of the executive committee and he had a lot of power, and I think they wanted, essentially, somebody to balance that and to occupy Dr. Collen's interests so much that he had less power.

The Medical Group's Executive Committee and Appointment of Chiefs of Service

Huth: Could you tell me something about the executive committee? How did it fit into everything it covered? You said that Dr. Collen had power because he was chairman of that.

Smillie: The executive committee essentially ran the partnership. The partnership didn't run the partnership. It was not a democratic situation, and the executive committee, in the articles of partnership, had the authority to operate the partnership. It was a board of directors really, rather than an executive committee. It was a board of directors, in fact, with all the authority that a board of directors of a large organization has.

Huth: Were people elected to serve on it?

Smillie: At that time there were five permanent members, Dr. Collen, Dr. Cuttin Dr. Baritell, Dr. [Robert] King, and Dr. Neighbor. And there were two elected members that were elected from different facilities--medical centers. So the permanent members really had a lot of the power. And of the permanent members, I think I told you before, Dr. Collen, Dr. Cutting, and Dr. Baritell often would meet ahead of time and work out their positions so that they were together before anything came up.

Smillie: The executive committee operated by unanimous vote; they were never divided. If they were divided they didn't take action. So they didn't work by majority vote. A thing had to be unanimous. And everybody had to be behind whatever was going on, whatever was proposed at that time.

Huth: How often were the two elected members replaced?

Smillie: Every two years. And they were replaced after two years, too. They could not be re-elected at that time. It's been changed since then. So that's how I became physician in chief.

Huth: And as physician in chief, you were also chief of staff.

Smillie: That's again, the same job. There are two titles for the same job. One is the hospital appointment.

As physician in chief I was responsible for appointing new chiefs, and I had to replace a chief shortly after I became physician in chief. I had to fire a fellow from being the chief of the department of medicine, and replace him with another fellow because the chief of the department was having great difficulties getting along with everybody in the department. In that department the morale was very very low, and so forth.

Huth: You said you had to fire him. Does that mean he left Kaiser?

Smillie: No. He never left the department.

Huth: Oh, so he stayed there even though he was fired as chief?

Smillie: He stayed as a working member of the department but he just lost his job as chief of the department. He resented it. He never spoke to me again, but he stayed.

Huth: What caused you to decide that? Was there opposition to the way he was operating from the others in the medical group?

Smillie: Every single doctor in his department came to me individually and said, "You've got to do something." So I realized he had lost control of the department. It wasn't working, and I had to tell him that.

I had to prepare the budget for the whole medical group in preparation for the budget increases, and for the dues increases for the following year. I had to approve every single doctor that was hired. I had to interview every doctor that was hired in San Francisco. I attended all the executive committee meetings. For the first time, I got into the executive committee.

Huth: Were you a member?

Smillie: No. I was invited to the meetings.

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Huth: Do you recall how that committee operated, now that you were on it for the first time?

Smillie: Yes, the executive committee, as I say, operated by consensus, the unanimous vote. They went into every subject very, very thoroughly, and discussed the pros, the cons, the implications, how the partners might understand and react to something before they ever came to any kind of a vote. And if they felt that there was going to be a divided vote they might take a straw vote, rather than a real vote, to find out how people felt, and why they felt that way. Then, if they needed more information, why, they would defer action and come back.

The people on the Advisory Council, the physicians in chief who were not voting members of the executive committee, had every opportunity to put in input and discuss any item. So we all discussed everything as though we were one body, but some of us were prevented from voting. That was the only provision.

Huth: Did the Advisory Council meet with them, too? Did all the members of the Advisory Council come?

Smillie: That's the only time the Advisory Council met--when they met with the executive committee. They were essentially just invited members who sat in the room with the voting members of the executive committee, except that they participated actively in any debate. I remember having continuous debates over residency training programs, and the cost of residency training programs versus the hospital that didn't have residencies, and that sort of thing--many times in those meetings. So I participated actively.

Huth: How often did they meet?

Smillie: Every two weeks.

Huth: One thing we didn't say as we started talking about you being physician in chief was when this was. How long did you take to do that?

Smillie: I was physician in chief for ten years, from 1961 to 1971.

Huth: Do you have anything more to say about the executive committee?

Smillie: No. I do have more to say about being the physician in chief.

Huth: Shall we discuss the duties?

Smillie: Yes, the responsibilities and the duties. I told you that I prepared a budget. Also, as chief of staff of the hospital, I cooperated with the hospital administrator when I could cooperate with him, in the preparation of the hospital budget for the following year. So I had that responsibility too.

Huth: You said that you had this problem with the person who had been appointed. Did they appoint someone new when you told them you couldn't work with that person?

Smillie: It took about a year.

Huth: So for a while you had this problem person in there.

Smillie: I had this problem person, and then Dorothea Daniels came after about a year, and we've already talked about her. She was the breath of fresh air. I was so glad to see her!

Cooperation Between the Medical Group and the Health Plan

Huth: Did you ever have any problems on the health plan side? There were several health plan managers while you were physician in chief.

Smillie: Very little, very little problems with the health plan after that. Actually, as to the San Diego venture--it's kind of interesting. I'll be interested in these Bancroft Library oral history tapes of other people because the health plan people are rather silent about the San Diego venture. For instance, the history that they prepared for the Stanford middle management course does not mention the San Diego affair at all.

Huth: I'm aware of that. We were all aware of that. We wanted to get that story.

Smillie: Dr. Cutting will tell you, I hope he will tell you, that the San Diego venture was a very important turning point in the relationships between the health plan and the medical group, because after that Mr. Tennant was fired--for a variety of reasons--Mr. Trefethen told me.

Huth: And you're not going to tell me any of them?

Smillie: He didn't tell me. He just said, "a variety of reasons."

Huth: Oh. And would it have been Mr. Trefethen who would have fired him?

Smillie: Essentially, it would have been the health plan board. Karl Steil, who was the regional manager in southern California, came north, and he was the regional manager for both regions for about two years, before he decided to give up the southern California region and turn it over to Jim Vohs. Jim Vohs became the regional manager of southern California.

Mr. Steil and Dr. Cutting, I think as we said before, got along very well, and worked out a fine relationship. So the relationship between the medical group and health plan and hospitals, since the San Diego venture has been, I would say, excellent and in many ways better than most of the other regions.

I think most of the people around now, in the second generation of leadership--from the standpoint of hospitals, health plan, and the medical group--don't even know very much about the San Diego venture.

Huth: Or the importance of it?

Smillie: Or the real significance of what happened after the San Diego venture.

Recalling Major Responsibilities

Smillie: Let's go back to my duties as physician in chief and chief of staff.

Huth: You said cooperation with the hospital administration was one of your duties. Were there any others?

Smillie: Yes. I held weekly meetings with the chiefs of the departments, and one of those meetings every month dealt with hospital affairs rather than medical group affairs. We essentially attacked the interdepartmental and organizational problems at that time. Any chief could bring up any kind of a problem, and the whole group would discuss it. We'd try to come to the kind of solution needed by getting more information and working it out before we went to closure on any problem.

Let's see, what else did we do? Oh, for the first time, I really became involved in the handling of complaints from members--from patients--about doctors. Every single complaint about a doctor went across my desk, and I would investigate it. I would listen very carefully to both sides, and one of the things I learned very early on was that no matter how clear and sound a complaint from a patient seemed to be, and claims that the patient was right--when you listened to the other side, you found that there really was another side to that story. So I really had to work out some very ticklish kinds of situations.

Smillie: One of the things that was important to us about those complaints, though, which were not very many, really, was that they were very important in that they brought to our attention something that we could correct. Even if the doctor was mostly in the right, the perception of the patient was important, and it was important that the patients no longer have that kind of perception--even if the doctor was right about something.

So we worked on many things in order to improve our service to the patient through responding to the complaints. I was always very grateful to the patients for bringing the complaints to my attention, and I made this clear to them in every single communication that I would write to them. For example, I wrote that "We're very grateful for taking the time and trouble to let us know about this, because, without knowing, we might not have been able to take action to correct the situation."

Sometimes the doctors were definitely in the wrong, and sometimes the patients needed reimbursement for claims outside. We had a Claims Committee that met, oh, about twice a month to review complaints, and claims of patients who had gone outside our medical staff for care and sent us the bill. And if the patient was in the right, we paid the bill willingly, and if they were in the wrong, why, we turned them down. So that was a responsibility.

I also had responsibility for integrating the doctors' concerns about the administrative staff, or the management staff of the clinic--the nurses, the receptionists, the chart room, the laboratory, and so forth--the communications. If they didn't meet the doctors' specifications, I had to work with the people who were working in those chart rooms, and my clinic manager, to improve the services to the doctors so that they could provide good quality care. So those are the kinds of things that a physician in chief does, that he spends his time on.

Huth: It's real administration, isn't it?

Smillie: It's largely communications and group dynamics.

Huth: Did you have any particular training for doing that?

Smillie: At that time I had no training at all in that sort of thing.

Huth: Did you learn on the job, or did you have past experience that helped?

Smillie: I learned a lot from Dr. Collen, when he was physician in chief and I was assistant physician in chief. But I did develop my own style, at Dr. Cutting's and Dr. Garfield's insistence. They took me to lunch one day, and they said, "We know that you worked under Morrie Collen and that he has his style. Just remember to do things according to your own inclinations and your own style." So I did develop a style of my own as the manager of that large facility.

Huth: Did you consult with Cutting or Garfield on special concerns?

Smillie: I consulted with Dr. Cutting, who was my immediate boss, at least weekly, and probably more often than that by telephone. But I actually went to Oakland to sit down in his office to talk to him at least weekly during that time.

Essentially, there were two lines of administration. First, there was the executive committee that established the policy under which I had to work as a physician in chief, and I had to see that my department chiefs worked under those policies. Their relationship was more a legislative relationship with the partnership as a whole.

But at the same time, there was a managerial line of things, in which Dr. Cutting was the executive director, and the physician in chief was his subordinate in charge of a facility. And then the chiefs of the departments were also his subordinates. Each physician in chief was a subordinate. It was authority spread out to several physicians in chief.

I guess it was Dr. Baritell who was at first the physician in chief in Oakland, and Dr. Donovan McCune was the physician in chief in Vallejo, Dr. Wally Cook in Walnut Creek, Dr. John Mott in Sacramento, and Dr. Robson in Santa Clara. Those were the other physicians in chief. So that was our relationship.

Huth: And that's how many you had.

Smillie: I guess that's it. After a while there was Hayward, and Dr. Bernard Rhodes was physician in chief in Hayward. And for Redwood City, Dr. Ed Sweeny was physician in chief there. So those were the facilities when I was the physician in chief in San Francisco.

Huth: And you were in that position for ten years?

Smillie: Ten years in that job.

Huth: Was that the longest that any one person had been physician in chief?

Smillie: Yes.

Huth: It was a long period of time.

Smillie: I think, even since then, it's the longest there's been in San Francisco I was succeeded by Dr. Bruce Sams, who is now, of course, the executive director for the whole region. And he was succeeded by Dr. Walter H. (Harry) Caulfield, who is now the northern California regional medical center's administrator. Dr. Caulfield was succeeded by Dr. Bob Kennedy, who is the present physician in chief.

Smillie: Bob Kennedy has been a physician in chief about seven years, I think. Maybe not that long, but he's been physician in chief longer than either Dr. Sams or Dr. Caulfield were.

A Staff Error in Late 1970

Smillie: In late 1970, there happened to be a very unfortunate incident in San Francisco. A black woman brought her six year old daughter into our emergency room and stated that the child had been sexually assaulted. We had a nurse in the triage--a triage nurse. That means a nurse who makes a decision as to how urgent the care is for the patients. Some patients come into the emergency room with a cold, or an itch, or something like that, and some of them come in bleeding, or having a heart attack. So we had to have somebody out there to decide how urgent it was.

In 1970, we had an unwritten--it was unwritten, but it was sort of an understanding--policy, that women who had been raped would be sent to the county hospital because of the legal implications that would follow a diagnosis of rape. And so this nurse very unfortunately said to the mother that she should take this child--instead of seeing if the child needed any medical care at the moment, she told the mother to take the child--to the county hospital. This aggravated a community uprising in the black community in San Francisco. We soon had pickets marching around our facility, demanding the firing of this nurse, who had about twenty years of excellent and meritorious service with us.

So the hospital administrator--this was a new hospital administrator, he was actually a medical center administrator at that time--Mike Peterson and I decided that we would not fire this nurse because she had made a mistake. It was a grievous mistake, but it was not so bad that she should be fired, and we weren't going to give in to the community pressure.

Huth: Would any other nurse have done something different?

Smillie: Probably. Someone else might have done something different.

Huth: Because of this being a child?

Smillie: Because it was a child. Actually, it turned out that the child was not sexually assaulted. That was the worst part of it. She had been kicked by an individual in her private parts, her vagina, by a maniac--a man who was insane but was on the street. See, the state of California, under the Short-Doyle Act, turned a lot of people loose out of our mental hospitals. Those people were on the street, and this was one of them. He had actually kicked this little girl. She'd been injured, and she should have been seen. There's no question about it.

Smillie: We admitted that. We admitted that our nurse had made a grievous error--to the negotiating team from the black community that came into our hosptial. I never will forget that. We brought them into our conference room. We had fruit, and apples, and coffee, and doughnuts, and things like that available. We offered them these goodies in an effort to be courteous, and friendly, and hospitable, and they refused. And then they started talking about their complaints, and we sat there silently, and wrote their complaints down as they aired them.

Then, one after another, after about twenty minutes, they got up and said, "I think I'll liberate this doughnut from these honkees." So they took the goodies, not because we offered them, but because they were liberating them. It was a deliberate tactic--

Huth: 1971 would have been the era for comments like that?

Smillie: Yes. We really came to no closure. Eventually, some of our community relations people in the Oakland center, especially a Mr. Art Hellender, worked it out with the leaders of the black community in San Francisco, so they calmed down. But I was frightened enough so that I sent my family to the mountains. We had a cottage up at Donner Lake. I sent my family to the mountains, and I stayed with friends in Berkeley, rather than staying in my house, because my address and telephone number were in the telephone book. I thought they might want to do damage to my house and family.

Mike Peterson moved his family to the mountains, too, for about a week, until things calmed down. Dr. Cutting took me aside, and he said, "Jack, I think you may have worn out your welcome as physician in chief in San Francisco. I think we'll move you to Oakland, and you can be my assistant physician in chief, and so forth. But we won't do it for about six months, because we don't want to appear as if we're giving in to the demands that you be fired."

Their pickets changed from marching around to fire the nurse, to firing Smillie and Peterson, who had refused them their demands to fire the nurse. We kept the nurse, and Mr. Peterson stayed on as medical center administrator. And I stayed on as physician in chief for about six months, but I knew that I was going to move to Oakland as assistant--assistant to the executive director.

More on the Executive Committee Membership

Smillie: By this time, I had been elected to the executive committee; I was a voting member of the executive committee. Dr. Bernard Rhodes, from Hayward, and I, were voted long-term members. We were not voted in as permanent members because they gave that up. I think the committee at that time was made up of nine individuals, and Dr. Rhodes replaced Dr. King, who had died, and I replaced my earliest boss, Dr. Neighbor, who had retired at age sixty-five.

They were permanent members, and so there were now four permanent members: Dr. Collen, Dr. Cutting, Dr. Cook, who had replaced Dr. Mel Friedman as a permanent member, and Dr. Baritell. Baritell, Cook, Collen, and Cutting were the four permanent members, and Dr. Rhodes and I were long-term members. We had nine year terms on the executive committee. Then there were three elected members, so it was a nine person executive committee at that time.

Huth: And were the three elected still two year term elections?

Smillie: Yes. And rotating among the different medical centers.

Huth: How long were you on this committee?

Smillie: I was on the executive committee before 1971. I can't remember exactly when I was elected a member of the executive committee, but I was on the executive committee for I think my full nine years. I was secretary of the executive committee for about six of those years. So I prepared the minutes, and among our innovations at the time were that we started sending out the minutes to all the partners. Every two weeks, they went out to all the partners, and that still goes on. Except they aren't partners anymore. It's a corporation, and they're shareholders.

Huth: When did the incorporation take place?

Smillie: 1982. On January 1, 1982, the partnership became a corporation.

X ASSIGNMENT TO THE CENTRAL OFFICE AND SPECIAL ACTIVITIES PRECEDING THAT MOVE, 1971 TO 1981

Smillie: I was retired as a physician by January 1, 1982, and I was assigned to the Central Office in Oakland.

Assistant to the Executive Director

Smillie: As assistant to the executive director, it was something like the job I had as assistant physician in chief to Dr. Collen. I would just do tasks assigned to me by Dr. Cutting.

The Recruitment Service and Retirement Plan Innovations

Smillie: The principal task was running a recruitment service for the whole region. We put ads in various medical journals, the New England Journal of Medicine, and the JAMA, the Journal of the American Medical Association, and we got replies.

We also found out, at every executive committee meeting, what doctors were needed in which medical centers, and in what specialties, and we kept track of that. We tried our best to match the inquiries we got from all over the country--and by mail, and telephone--with the needs of the various facilities. So we would call up a physician in chief, and say, "You said you needed an anesthesiologist. We have an application, and his name is such and such. This is his address, and this is his telephone number. You go after him." From then on it was their responsibility. We just matched the needs with the availability of somebody.

Huth: Were you computerized at that time?

Smillie: No, that was all by hand. Everything was by hand. I think, as far as recruiting is concerned--that aspect of recruiting--I think it's still done by hand. But Dr. Cutting and Mr. Steil, working together, developed many innovative ideas, and quite often it was my responsibility to work with somebody in the health plan or hospitals to develop a program that might fit those needs.

Huth: Can you think of any that stand out?

Smillie: Well, we tried to work up an accessibility system monitoring the availability of appointments. That was one thing that we did. We worked out an early retirement, what we call a full early retirement, for Permanente physicians. See, when a physician retired under the health plan and physicians' retirement plan, if he retired before the age of sixty-five, his retirement income was actuarially reduced because he had a longer life expectancy than if he had waited until he was sixty-five. So they reduced the retirement income significantly if someone retired before the age of sixty-five.

Dr. Cutting and I had a thought that some of these doctors who needed to be retired before the age of sixty-five were not very productive anyhow. They weren't providing much patient care, but we were providing them with a maximum income because they had been with the group for long time. And we thought that they could be replaced by a newer, younger man getting a much lower salary. And the difference between the payment for the older fellow, who was nonproductive, and the new fellow, who would be productive, might be just enough to compensate him as though he were sixty-five.

So we developed a program which augmented the Kaiser Health Plan Retirement Program, and we paid them as though they were sixty-five, even though they were only sixty or a little bit older. Sixty was the lower limit that we had. This program became very popular, and really very effective.

Huth: Is it still in use?

Smillie: It is still in operation, yes. We developed that. We thought it was a very good program. That was one of the things that we did. There were many other things like that. We developed all sorts of systems. I just can't think of them right now.

Huth: That's very helpful.

Smillie: Those are just examples.

Looking Back: The 1968-1969 Strike, and the Chicago Management Program, 1970

Huth: Anything else during this time period?

Smillie: Among the other things that happened during this period was that--I guess it was actually before I changed from physician in chief to assistant to the executive director--we had a strike in 1968 by Local 250. And it was a very bitter and prolonged strike, about Christmas time.

Huth: What kind of union was that? What kind of personnel were they?

Smillie: Practically everybody in our organization except the nurses, and doctors, and supervisory personnel. It was the aides, the receptionists, the janitors--everybody went out on strike. It was a very troublesome period.

Huth: How long did it last?

Smillie: I think it lasted four or five, maybe six weeks. There was some violence on the picket lines in San Francisco, and maybe in some other places, but mostly in San Francisco.

Huth: And was it all the northern California--

Smillie: All over the region, yes. Regionwide. I was ill at the time. I had developed a heart valve condition, and so it was especially troublesome to me because--

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Later on, after the strike was settled, Mr. Steil and the top people that had negotiated during the strike decided that there was more then just wages and fringe benefits at issue, that there were working conditions, and so forth, and so we needed a new management style in our organization. They decided that the supervisors were too brittle and too rigid in the way they dealt with their employees in their departments, and so forth.

So they looked around for a program of management education, essentially for middle management people. Among the programs that they looked at was the American Management Association program, which would have required that we send people to a school somewhere. I don't know where it would have been. The other one was the program put on by the University of Chicago, which had more experience in health care and hospital activities than the American Management Association. And they were willing to send their staff to northern California to conduct these programs. So that began what was known as an education in management program--the Chicago program.

Smillie: A Mr. Bob Holloway and a Mr. Tom Geiselman from the University of Chicago faculty came to the Bay Area. They put a lot of us through the Chicago program, which was a one week program where we all really left our posts and went to a motel in San Mateo for the presentations that took all week, Monday through Friday, including evenings. It was very intense training in management style, in group dynamics, in interpersonal relationships, in personnel policies, activities of that sort. That's what I remember. It was about negotiations--essentially management dealing with people programs.

The idea was that after they got through with the top management and upper management of our health care program, we had the physicians in chief and the medical centers' administrators. And the top people on the staff at Oakland regional headquarters went through this first. Then later on the chiefs of departments and supervisors of departments in our facilities went through it, essentially helped by people that had been through the first phase of the program.

Out of this came an active program to establish goals and objectives for each facility, and for the region as a whole. So that was our beginning in the education in management training in the Chicago program.

Huth: Did it have some noticeable results--some changes you were aware of?

Smillie: We've had some strikes since then, but I think that the relationship between management and the hourly wage earners since then is markedly better than it had been.

Huth: Then did they really learn how to relate to these employees from that one week session?

Smillie: Well, it wasn't only the one week because we developed a program in which we had essentially people with the skills of Mr. Geiselman and Mr. Holloway at each facility, an organizational research and development [ORND] person in each facility, to help us conduct meetings in a sensible way, and to discuss goals and objectives--

Huth: Did they come on permanently, then?

Smillie: They were on permanently, yes. We had that kind of an individual in each and every facility.

Huth: Are they still there?

Smillie: No, I think it's going on as a miniscule program in a regional way. I'm not sure. There may be some ORNDs, as they call them, organizational research and development people, in each location. I don't know right now. Until I left, until I retired, there was one in each facility.

Huth: Do you remember the year you started that program?

Smillie: It probably started in 1969 or 1970.

Huth: The strike was about then, wasn't it?

Smillie: It started a year after the strike, in 1970, I think.

Huth: Is there something else you want to tell me?

Smillie: Oh, yes. I have more to tell you about the duties. I had both inside duties and outside duties.

Long-Term Leadership With Health Care Associations and Programs

Smillie: My outside duties had to do with national health provider relationships. First of all, I had become an officer of the Group Health Association of America, which we call GHAA. At the time I left my job as assistant to the executive director in Oakland, I was chairman of the board of directors of that GHAA organization. I had also become involved with the American Group Practice Association (AGPA), first working on committees of that national trade association, and later I became a trustee. And my last year I was secretary-treasurer and an officer, and on its executive committee. So I had responsible positions in two national trade associations.

I was also on the Committee on Physicians of the American Hospital Association. This was a three year appointment, and I worked on that. I was on the Advisory Committee of the Esselstyn Foundation, which was a foundation that was established in memory of a Dr. Caldwell Esselstyn.

Huth: What did the foundation do?

Smillie: The principle function of the foundation was to train medical directors in administrative and management skills.

I had also been appointed to the Health Care Service Plan Advisory Committee. This is a committee that was set up under the Knox-Keene Act in California, which authorized a program that was set up in the Department of Corporations of the State of California to regulate and monitor prepaid health care programs. So I was on that state committee.

Huth: Did these positions you had in these various associations, and on the state committee, take quite a bit of your time?

Smillie: They took a lot of my time. As the chairman of the board of the GHAA, I had to go to Washington for quarterly meetings, I recall. Two of those meetings, held twice a year, in January and spring, lasted several days. Then in September and in March, they were just essentially overnight. What I would do would be--I'd fly to Washington, getting a three o'clock plane out of San Francisco. I would get to Washington at midnight, and go to my hotel. Then I would go to a meeting that would last from about eight o'clock in the morning until about three in the afternoon, and then I'd get to Dulles Airport, and fly back to San Francisco. It was usually Thursday afternoon that I'd leave San Francisco, and then I'd be back home in my house in San Francisco about seven o'clock Friday afternoon. So I only missed one day of work, really, and yet I flew to Washington and back, and I had a full day of work in Washington.

And the same thing when I was on the executive committee of AGPA. So I went quarterly for them. I also went quarterly for GHAA. I was also a member of a standards committee of GHAA in 1974 and 1975. That was before I was really elected to an officer's position on the board. I was on the board, but I wasn't going through the officers' chairs.

Huth: Was there input to the Kaiser Permanente program from your positions in these associations?

Smillie: Oh, yes.

Huth: Was there a lot of it?

Smillie: Oh, yes, a lot.

Huth: You got many things from this that you brought back to share with the Kaiser Permanente people?

Smillie: Oh, yes. And of course, there was a lot of Kaiser Permanente input into both of those organizations because of my position on those boards.

Special Assignments and Accomplishments

Smillie: We've already talked about my internal activities, especially the physician recruiting. I set up a plan so we could accommodate and comply with the equal employment opportunity activities and affirmative action plan for physicians.

Physician Turnover Reporting

Smillie: I remember that I prepared a physician turnover report. Each year I would report to the executive committee about how many doctors had left the group.

Huth: Do you remember anything about turnover?

Smillie: Now, it was pretty much the same every year. In 1966 we had had a bad year. Actually from 1966 to 1969 we had had bad years as to turnover because there was a great inflation in health care cost following the imposition of Medicare and Medicaid in 1966. So doctors in fee-for-service practice were earning incomes that were inordinately excessive when compared with the Permanente doctors' salaries. Some of our doctors just felt that they couldn't afford to stay in Permanente at that time.

We were, of course, limited by the fact that we were always a year behind in trying to catch up. First of all, because the health plan was limited in what they could demand from the employers by the fact that employers budgeted an inflationary cost for their health care, and they didn't want to go beyond that. And so we were limited.

And added to that, we had to prepare our budgets. We would have to prepare our budget for 1969 before May of 1968. So what we would be paying a doctor in December 1969 would have been something we thought of before May of 1968. We were always a year behind. And so we lost a lot of doctors, a lot of good doctors that we didn't want to lose.

By 1977 and '78, however, I think we had finally begun to catch up, and we weren't losing. What I do remember is that we lost about 10 percent of the doctors during the first three years of their association with us, before they became partners in the medical group. We lost about 3 percent of the partners, not solely through disaffection and leaving us but through retirement and disability, leave of absense, and that sort of thing, and death, that are included in the 3 percent. So we had really a rather reasonable, low level of attrition.

Of the doctors that we lost through disaffection, or other reasons, about a third of those doctors we actively encouraged to leave. We really didn't want them. So that left about 6 percent, or maybe 7 percent, that we didn't encourage to leave. Of that remaining number, about half of them, we didn't care whether they left or not. We didn't make any particular efforts to keep them from leaving. We were sorry, perhaps, to see them go, but if they came back, we would want them to come back with certain conditions, primarily that they operate the way we wanted them to.

Smillie: Only about a third of the total 13 percent--10 percent of one group, and 3 percent of another group--about a third of them, we were actually very unhappy that they left us. We tried to persuade them not to leave us; we wanted them to stay.

Huth: As to those you were disaffected with and didn't care whether they left--what kinds of people would these have been? How were they different from the doctors you wanted to keep?

Smillie: They would be individuals who were not particularly group suitable. They were what we call "nine to fivers"--people who would come in at nine o'clock, and leave at five o'clock. They weren't particularly helpful. They didn't attend partnership meetings. They perhaps didn't keep up their medical records as well as we would like to have them kept up. They might have been really fairly good doctors, and they might have provided a reasonable quality of care, but they weren't the kind of people who really fit in and were enthusiastic about being Permanente doctors.

The third that we actively encouraged to leave were largely people who we didn't think met the quality standards that we like to have. Which is important, I think, for this history because those people went out into fee-for-service practice and imposed themselves on the public, even though they didn't meet our quality standards. So it was really quite apparent that even though we tried to screen doctors carefully in recruiting them, they didn't always come up to what we thought was an important standard of care.

Physician Benefits and Procedures

Smillie: I dealt with our insurance people about physician insurance benefits, their life insurance benefits, their disability insurance, and things of that sort. We were constantly trying to improve our retirement program, so I was working on that as part of my job. We completely revised the policy manual for the Permanente Medical Group while I was assistant to the executive director.

I told you about the Full Early Retirement Plan, and the accessibility study. Oh, we worked actively with the director of nurses in the area to develop better relationships with nurses, particularly with respect to pediatric nurses and other nurse practitioners, and on the standards for nurse practitioners. We developed protocols for nurses to use when they were triaging. There's that word again. T-R-I-A-G-E is the infinitive verb, to triage.

Huth: Does protocols mean policies?

Smillie: It's procedures to use in their activities?

Huth: And that had to do with your emergency setup.

Smillie: Yes, the kind of thing that happened in San Francisco with that unfortunate child being injured. The nurse should have had some kind of a policy and procedure to follow so she wouldn't have made that mistake. We worked on that kind of thing. My goodness, I didn't know I did all these things. Well, they're all listed here.* I certainly did a lot of things, didn't I?

Huth: Yes, you did.

Smillie: That I don't remember now. [laughter]

Assistant to Dr. Bruce Sams

Smillie: I guess we have come to 1977.

Huth: Yes, we're at that point now.

Smillie: We're at the point where Dr. Sams, who had succeeded Dr. Cutting as executive director, was elected to succeed Dr. Cutting.

Huth: What is Dr. Sams' first name?

Smillie: Bruce. Bruce Sams, Jr. And Dr. Sams, you see, had been chief of medicine under me when I was physician in chief in San Francisco. And then I made him assistant physician in chief in San Francisco, so that he succeeded me as physician in chief in San Francisco. He was elected executive director to replace Dr. Cutting, and suddenly, instead of being my subordinate, he was my boss.

I was perfectly comfortable, because Dr. Sams is a truly outstanding medical administrator. He's one of the best I've ever known in my whole life! He is just a natural, and I had no problem at all in reversing our relationships, never have had. I respect him enormously to this day, as I do Dr. Cutting, and Dr. Collen.

Huth: Is he still in that position?

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*See Appendix.

Smillie: He is still there. He's executive director. He served a six year term, (they changed everything, instead of being a lifetime job it became a six year term) and was re-elected by an overwhelming vote of the partnership last year. So he is truly a very effective administrator.

The Kaiser Permanente Committee, 1967

Smillie: We have to talk a little bit about the Kaiser Permanente Committee here.

Huth: Yes, we do. Was it established in 1967?

Smillie: Yes. The Kaiser Permanente Committee was formed in response to a lot of inquiries from all over the country about our giving management advice to developing plans, or plans that were proposed, and so forth. So they began to see that this had to be an ongoing activity of the Kaiser Permanente program. So the Kaiser Permanente Committee was formed to consider primarily expansion to other regions, and among other things, also to coordinate the management advice that they gave to other plans.

It was made up of each regional manager and each regional medical director, and so there were six of each of those. And I think it also included four people from the staff of the Central Office: Dr. Keene, Art Weissman, John Erickson, and I believe Scott Fleming were the individuals who were the members of the original Kaiser Permanente Committee. You can get all of this from somebody else in other oral histories.

Huth: Was that the original group in 1967, when they first formed it?

Smillie: Yes. After they got into lots of other things, their jobs became quite similar to what was proposed for the original Advisory Council out of the Tahoe group meetings. The difference is that instead of being set up by a controversial "white paper" and falling on its face, as happened with the original Advisory Council, this group formed itself out of a perceived demand for such coordination between regions about overall policies.

Huth: Did it replace that old Advisory Council?

Smillie: No.

Huth: Had it ceased to exist much earlier?

Smillie: It had ceased to exist.

Huth: Oh. So it wasn't a replacement for that, even though it had similar duties?

Smillie: No. And so the perceived need for the activities of the Kaiser Permanente Committee have been proven by real demands, and it has continued to date to be a very active entity. It essentially is not a policy making organization. The policy making organizations are still the boards of directors of the Kaiser Foundation Health Plan, the Kaiser Foundation Hospital, and the various boards of directors of the Permanente Medical Groups. Those are the policy making groups.

But this organization can screen, can gather data, and can advise those organizations about what needs to be done, and, essentially, their recommendations have been adopted by all of the policy making organizations. So, in effect, as to the Kaiser Permanente Committee, although it's not officially a policy making organization, its recommendations have become policy.

Huth: Would you say it's a place for staff to have input into policy making?

Smillie: Yes. Now it's become a rather large entity. I think there are more than thirty people who attend those meetings, and they've developed little subcommittees to handle difficult areas of interest and involvement.

Huth: Has it worked well?

Smillie: I think it's worked very well. I, of course, never have been a member of the Kaiser Permanente Committee. The medical directors that are on the Kaiser Permanente Committee meet for a half day by themselves before the meeting of the Kaiser Permanente Committee as a whole. And the regional managers meet separately at the same time as a separate body.

Huth: How often does the Kaiser Permanente Committee meet?

Smillie: About three times a year.

The regional managers have responsibility for both the health plan and the hospitals in their regions. Some regions, of course, don't have hospitals, so it's just health plan, like in Hartford, Connecticut, or in Georgetown, in Washington, D.C.

Kaiser Foundation Hospitals
and
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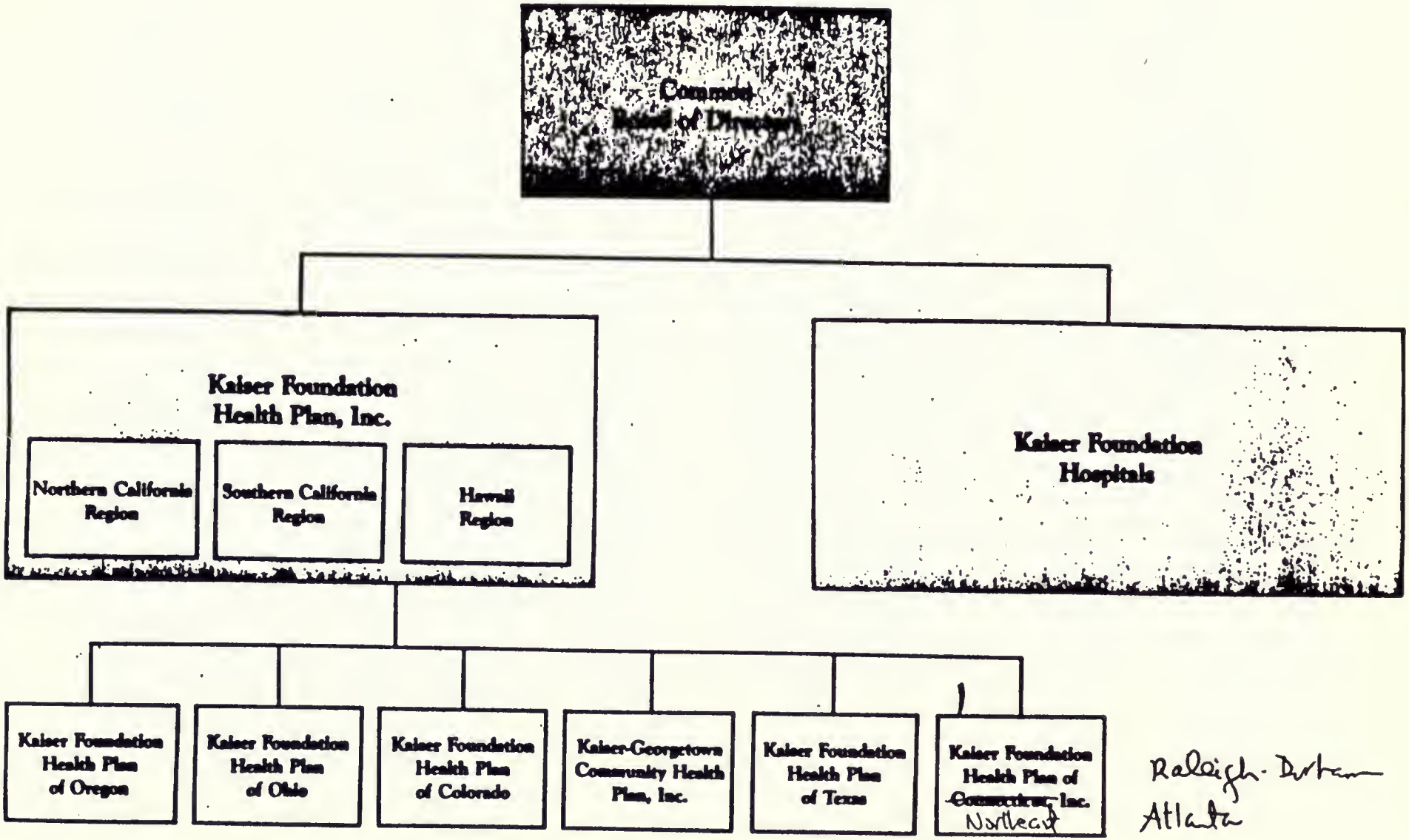

Governmental Relations Activities

Smillie: What happened as far as my going to Washington is concerned is that one of the functions of the Central Office staff in the Ordway Building in Oakland was government relations, under the direction of Mr. John Erickson, first of all, and under him, Mr. Jim Lane. And in Washington, there was a Kaiser representative named Gibson Kingren.

Huth: And did he stay there, then? He didn't just go there part of the year, he lived there?

Smillie: Yes, he actually lived in a house or an apartment in Washington. So government relations, instead of being a responsibility of each region on its own to deal with Washington, was a Central Office responsibility. Now, Mr. Erickson, and Mr. Kingren, and Mr. Lane, reported to Dr. Keene, and later to Mr. Jim Vohs, when he became the president of the Kaiser Foundation Health Plan in the Central Office.

So that information about legislative or governmental affairs then went from the Central Office back to the regional managers, and finally from the regional managers, if they decided to do so, back to each medical director in the region.

In 1976, I think, at one of these meetings of the regional medical directors that preceded the Kaiser Permanente Committee meeting, they felt that they didn't have any access, in any way, directly to the government relations office in Washington, D.C., which they really felt that they needed, that sometimes things had gotten out of hand and they were brought in at the last minute. They thought they were at a disadvantage in the decision making apparatus because they were brought in at the last minute with a minimum amount of information, and expected to go along with what had been recommended without any real medical input.

So the six regional medical directors decided they wanted their own man in Washington. I was the logical choice. Do you want to stop here? [interruption in tape] Where were we?

Huth: You just told me that the medical directors wanted their own man in Washington.

Smillie: Okay. Because I had been chairman of the board of GHAA, had testified before congressional committees, and had worked up standards for membership in GHAA, some of which had been included as part of the legislative package in drawing up the Health Maintenance Organization bill, I was the first choice for this job in Washington.

Smillie: I had been Dr. Cutting's and Dr. Sams' assistant for six years, from 1971 to 1977. I had all of these past activities, which are listed on that piece of paper we will put into the Appendix. I thought this was a very interesting challenge for me. And Ruthie, my wife, had been born in Silver Springs, Maryland, which is a suburb of Washington, and she had roots there in the Washington, D.C., area. So I talked it over with her, and with the rest of my family.

We had one son who was attending Bucknell University in Lewisberg, Pennsylvania, which was about two and a half hours drive from Washington. He was our youngest. And so we decided to move to Washington. I took the job in the government relations office in Washington.

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Huth: What can you tell me about Gibson Kingren?

Smillie: Gibson Kingren had retired, although he was still in Washington when I arrived about six months after his retirement. He was working with Dr. Frank Newman. Dr. Frank Newman had preceded me as chairman of the board of Group Health Association of America--GHAA. He was chairman of the board when I was president, and he was immediate past chairman of the board when I was chairman of the board.

He had been the executive director of the plan known as the Group Health Cooperative of Puget Sound in Seattle. He had differences with that plan, and had separated from it. He was highly regarded by our Central Office management, and especially by our Central Office government relations staff, who knew him very well, and so he was hired to replace Gibson Kingren.

Dr. Newman was an MD but he had not practiced in years, and he was a very effective administrator of the Puget Sound group's operations. It prospered under his leadership. One of the difficulties, however, was that his sole experience in prepaid group practice had been with Group Health Cooperative of Puget Sound, and, although he represented Kaiser Permanente in Washington, he kept talking about what "we" did in Seattle, and not our program. I found in increasingly a little difficult to work with Frank, who was a very close friend of mine.

In addition to Frank and myself, we hired a third person to work in the government relations department, or rather Mr. Erickson did--but both Frank and I interviewed her--Rebecca (Beca) Wilcox. Rebecca was really a go-getter and a remarkable young lady, and she had had a lot of experience in lobbying. She had actually lobbied for the National Institutes of Health in Washington, and she knew her way around Capitol Hill, and she was a very effective individual.

Smillie: I had a lot of difficulty, actually, adjusting from the busy job I had had as assistant physician in chief, where I came in at 8:30 a.m., and had different projects going, and I could see them moving, and so forth--to this new system, where I spent a good deal of time in the morning catching up on information and news. This included reading the Congressional Record for anything that happened the day before, or two days before, and so forth, and then going around and calling on the staffs of the various congressmen and senators, as much to get information as to impart it.

I have some strong impressions about our government as a result of my job in government relations, as a lobbyist for the medical care program. Among the impressions, one that stands out is that the staff people that work for the congressmen and the senators, in particular the senators, are very powerful and influential individuals. They are also very smart, capable, hard working, cooperative, and honest. They work under incredibly difficult conditions, in very cramped offices, with huge piles of papers surrounding them, at tiny little desks that are half the size of this table--what is it, a round table four feet in diameter--that we're sitting at? They sit at tiny, tiny desks, and they have these huge stacks of paper, and they have a telephone that is constantly ringing, and at the same time they can be remarkably hospitable, and receptive to anything that we have to say.

High Opinion of the Kaiser Permanente Program

Smillie: The Kaiser program, as far as government relations were concerned, had both positives and negatives. It was highly regarded by most people in Washington because of our record of providing high quality care, organizing it, and reducing the incidence of hospitalization of our members, controlling costs, while at the same time providing high quality care and organizing it in an effective way. At the same time, there were some staffers who suspected that we were effective primarily because we were taking care of an essentially very healthy population, that we did not take care of our fair share of the old people, or our share of poor people, which is certainly true. We were underrepresented in both of those categories in our health plan membership.

But, at the same time, when one compared the federal employees who belonged to our plan and the federal employees who belonged to Blue Cross, why, we certainly could take care of similar populations for a lot less money than they did under Blue Cross.

Smillie: Under government regulations, most people are fairly passive. The government will impose something, and they adapt or adjust to what the government imposes in their environment, in order to survive. The Kaiser Permanente program, however, as we said when we talked about the origin of the Federal Employees Benefits Program, has modified the environment, so the environment was more compatible with what we were doing than it would have been if we hadn't modified it. It went one step further.

A Discriminatory Law: The Health Planning and Resources Development Act

Smillie: And I think it's been a very effective plan. We've modified our environment with respect to the Federal Employees Benefits Program, with respect to the Health Maintenance Organization Act and its amendments, and the planning act--

Huth: Was that a planning act for hospitals?

Smillie: That would be Public Law 93-641.

Huth: 93-641?

Smillie: Public Law 93-641. That means it's law number 641 passed by the 93rd Congress.

Huth: And what was it for?

Smillie: It had to do with the Health Planning and Resources Development Act. I think that was the name of the act. And that act was very unfavorable to the Kaiser Permanente plan and other prepaid plans in that it counted them as institutions, and as institutions, everything they did was subject to a certificate of need.

Now, the Mayo Clinic could institute a new service, or build a new clinic, or buy expensive equipment without getting a certificate of need, yet the San Francisco hospital, the San Francisco Kaiser Medical Center, could not even start a new service, let's say outpatient surgery, without going through the long, arduous procedure of getting a certificate of need. The proposal had to go through a local health systems agency, which would pass on it and recommend to a state agency whether or not we qualified for a certificate of need. It usually took a year to a year and a half to get a certificate of need, and we were used to moving much faster than that.

So it was a discriminatory law which penalized group practice plans.

Huth: Do you think it was put in to do that?

Smillie: No, it wasn't. It wasn't meant to do that. The intent of Congress clearly was not to do that, because in the preamble of this law, the third priority was the encouragement of group practice and alternative delivery systems. But the health systems agencies generally ignored those priorities, and required us to go through the hoop. And when we brought the problems to their attention, they said, "Well, just look. There have been thirty-three applications for certificate of need by HMOs, and only eight have been turned down."

The problem with those statistics was that if you had an unfavorable health systems agency in your area, as we did in San Francisco, there was no use even submitting a certificate of need because you knew it was going to be turned down. So there was no working relationship at all--

Huth: That was a national statistic, then?

Smillie: Yes. That was a national statistic.

Huth: And it didn't show what really happened?

Smillie: It did not show what really happened. Largely through the efforts of Rebecca Wilcox, Frank and I--and later a man named John Iglehart, who replaced Frank Newman, who resigned--we got the planning act law to exempt HMOs completely from certificate of need, which was a major coup for our office in Washington.

Huth: How long did it take to do that?

Smillie: It took about a year and a half. But it was a major coup.

Huth: Was it a single bill that did that?

Smillie: It was an amendment to the planning act. Those amendments come up periodically. We convinced the committees, particularly the House committee--the House Interstate and Foreign Commerce Committee at that time (it's got a different name now). We convinced them that they didn't need to include HMOs under the regulations because HMOs had the same incentives to control expansion of facilities and purchase of equipment as the law mandated for the fee-for-service system, which actually had every incentive to overbuild hospitals and overpurchase equipment, and so forth.

Our incentives were to keep those costs down. We noted that we were not part of the problem. We were part of the solution. We were able to convince these committees, most of them, and the Henry Waxman subcommittee, of this. We got to them.

Huth: Were those two different subcommittees, or one? Or was one under Waxman and the other under Kennedy?

Smillie: They're two different committees. Henry Waxman was in the House of Representatives, and Edward Kennedy is in the Senate. We were able to convince the conservatives and the Republicans on the committees that we were not part of the problem. Our amendment was introduced by, oh, what's his name? From Texas. Representing Texas. He's now a senator.

Huth: We can find that out.

Smillie: Anyhow, he introduced the amendment. He's a very conservative Democrat from Texas, who has since changed parties to become a Republican, and he's now a Republican senator from Texas. Wait a minute, he's going to run for the Senate, he's not a senator yet. Anyhow, his name is Phil Gramm.

The Medicare Amendment to the Social Security Act

Smillie: Then the most recent modification of our environment is something that the Kaiser Permanente organization lobbied for starting in about 1965. It was finally passed in 1983.

Huth: What was it?

Smillie: That was an amendment to the Social Security Act involving Medicare. Until 1983, actually until the rules and regulations came out in 1985, HMOs were paid by Medicare on the basis of charges and costs, as far as the hospitals were concerned, and a periodic payment for doctors services from a different fund. There are two trust funds under Medicare. One is Part B, which pays for doctors and related services, and Part A, which pays for hospitals.

Under the Part B trust fund, there was a periodic payment for doctors' services, which could be retroactively changed. If they overpaid us, they could demand $1 million or $2 million dollars back. In their view, or by their auditors' view, if they underpaid us they might also pay us extra. Hospital costs were paid by actual costs. We submitted our costs, and they paid the costs.

Huth: But not the doctors?

Smillie: But not the doctors. The trouble with this system is that it gave Kaiser Permanente no incentive at all to enroll health plan members. It gave potential health plan members under Medicare no incentive to join Kaiser Foundation Health Plan. What we proposed, starting in 1965, was something called the 95 percent formula, in which we would get 95 percent of what it cost in the fee-for-service area to take care of a Medicare member in that same county.

In other words, if it cost $2000 a year to take care of a Medicare member in San Francisco, we would accept $1900. This was the difference between what we call our adjusted community rate, that is, the community rate that we charge non-Medicare members, and what more we calculated it would cost us to take care of a Medicare member under that rate. Because we knew they used four times as many hospital days, and twice as many doctor visits as our other members, we could calculate an adjusted community rate for the Medicare member. Probably the adjusted community rate would come in at about 85 percent instead of the usual 95 percent. In other words, there would be a margin of about 10 percent profit.

In our proposal, we proposed that that 10 percent profit be returned to the Medicare member by reducing the copayments and deductibles that are required of a Medicare member under Medicare, and then it would not be a profit to the organization at all. This was the proposal that we made early on, and we lobbied for this during my entire three years in Washington.

Huth: And you finally got it through?

Smillie: It was only after I left Washington that it was finally passed. But while I was there, John Iglehart and I and Rebecca laid the groundwork. John was a remarkable person that I got to know in 1974. Oh, I forgot to tell you about that.

Consultant to the Federal Office of Health Maintenance Organizations, 1974 to 1975

Smillie: In 1974, when I was assistant to the executive director, right after the HMO Act was passed, the director of the HMO program in Washington, and Rockville, Maryland, asked Kaiser Permanente to send a doctor to Washington to be an expert consultant to the Office of Health Maintenance Organizations. And so I did go to Washington—Rockville, Maryland, actually.

Smillie: I had a little apartment, a tiny little apartment, that was unfurnished. I rented furniture. I bought a TV set, and I spent a large amount of my time in Rockville instead of Oakland. Starting November, 1974, to July, 1975, I spent time there. And so I got to know a lot of people who helped me later on when I went to Washington to represent the program. But I was actually paid by the Department of Health, Education, and Welfare. Well, actually, Permanente was paid my salary, and then Permanente paid me my normal income. That's the way that worked.

Huth: But was that a Department of Health, Education, and Welfare (HEW) office there, the Office of Health Maintenance Organizations?

Smillie: Yes. And they set me up. I had my own office that was permanently mine during that eight month period. I had a typewriter, and I worked on several areas.

Huth: Did you have a staff, too?

Smillie: I had a secretary. I'd type things up in the rough and she'd make them look nice. Actually, I worked in three areas--one was the technical assistance to plans. This included setting up programs, writing guidelines that supplemented the regulations so the regulations could be clear, and relationships with quality assurance bureaus in the Professional Standards Review of Organizations area (PSROs), and with the quality assurance people in Rockville, Maryland, and in Washington. Those were my three principle areas of responsibility during that time.

Huth: And they paid Kaiser, so you were still on the staff there?

Smillie: Yes. That's done under a special arrangement. I didn't take the job until I had cleared it with the Subcommittee on Health of the House Interstate and Foreign Commerce Committee. I went to see the chairman of that committee, who was a man named Paul Rogers. His chief counsel was a man named Stephen Lawton. And I cleared it with Dr. Phil Caper, who was Senator Kennedy's chief assistant.

I said, "Now, look. I do have a conflict of interest because I am still paid by the Permanente Medical Group, and I have this job in Health, Education, and Welfare. There is a clear conflict of interest there. I just want you to know about it." And they both told me that I was needed so badly that they wouldn't blow the whistle on my conflict of interest, but they would be watching me. So it worked out very nicely.

As a result of that, I got to know Dr. Caper.

Huth: Did your wife go back there?

Smillie: No. No, she didn't. I traveled a great deal. One time when I was there, I think I was home in San Francisco five weekends in a row, even though I was in Rockville during the week. I traveled around the country, too. I went from Seattle to Florida, from New England to Arizona, and to southern California. So I did an enormous amount of traveling when I was with the federal government.

I became a federal bureaucrat. And I could have stayed. I could have given up my job in Permanente and stayed, and I was strongly tempted to, because in writing the guidelines I didn't want somebody coming in and rewriting them after I left. I wanted to protect my turf. I remember spending an agonizing evening one night, looking at the ceiling of this little apartment, and saying, "Jack, you're being sucked in. This is what gets people sucked into the government."

Because you make a contribution, you want to be sure your contribution remains, and you want to stay there and protect your turf. That's what I wanted to do. I had a really agonizing night.

Huth: But you didn't.

Smillie: But I didn't. No, I came back at the end--July 1, 1975. I came back to my job working with Dr. Cutting. But then I went back to Washington in '77.

Huth: I'm glad we recapped that.

More About the Kaiser Permanente Washington, D.C., Office

Huth: You were telling me about you and John Iglehart.

Smillie: That's the reason I got into that. It was because of John. John Iglehart was the medical editor for something called the National Journal. The National Journal is published by a private organization, but it goes into governmental affairs very, very thoroughly and accurately.

Huth: I know about the National Journal.

Smillie: It's a superb journal. I wish I could afford to subscribe--because it has marvelous--anything medical or having to do with health care. John Iglehart wrote for it. I was impressed when I was in Washington, or in Rockville, during the 1974 to 1975 period--with the things that he wrote about the HMO program because he wrote so accurately about what was going on.

Smillie: I had been accustomed to press--not press releases, but press reports about Kaiser Permanente--which had been less than accurate, particularly the reports during the strike that we went through in 1968, and the nurses' strike at one time against the Kaiser Permanente organization. The press accounts of those labor relations activities were skewed way, way off, and I was not particularly a fan of the press.

But when I read what John Iglehart wrote, and it was so accurate as to what I knew was going on, I was very impressed with him. So I became acquainted with John, and I liked him immensely. He was a young man with enormous talents.

In writing about HMOs for the National Journal, he became impressed with the Kaiser Permanente organization. And some talks went on between John and Jim Lane, and between John Iglehart and John Erickson, and eventually he [John Iglehart] decided to become the head of our office. He replaced Frank Newman, who resigned because he really wasn't cut out for that sort of thing, even though we had originally thought he would be. So he resigned and he left the Kaiser Permanente organization, and became a Public Health Service officer--a uniformed officer in the Public Health Service--after that.

But John Iglehart then joined our office, with Rebecca and me, and we had a very good office. We worked very well together, and I think we were quite effective. As a matter of fact, some of the people in the AMA [American Medical Association] lobbying group felt that we were the most effective health care lobbyists in Washington.

We beat the AMA on several issues. We beat them badly, just the three of us, and they had enormous resources at their beck and call. On a couple of issues, we just--I remember doing what a lobbyist traditionally does. I went and stood in the lobby of the Senate and as the senators walked through to go to their places in the Senate for a vote, we would pinhole the ones we wanted, or the ones who were on the edge, and we talked to them a little bit as they walked through.

Huth: That's the lobbying in the lobby. [laughs]

Smillie: Only on one bill did I do that. But it's remarkable. I remember going calling on a physician who was on the Health Subcommittee of the House Interstate and Foreign Commerce Committee. He was the ranking Republican on the committee, and he always espoused the AMA position on everything. I knew he got to his office at eight o'clock in the morning, and I had talked to him once about the unfairness of the planning act with respect to HMOs. I had given him some "chapter and verses" about some of the things that it was doing to us, including that it was holding us back from doing the proper thing for our members.

Smillie: He was impressed with my arguments. I went to him one morning before they were going to have a mark up session. A mark up session of a committee means that they don't hear anything from the public. It's only the members of the committee talking to each other, and they can come with amendments, and have those amendments voted up or down toward the end of the bill.

I went to his office that morning at eight o'clock in the morning. I pinholed him, and I said, "You know, Dr. So-and-so, we have this problem with the planning act, and if you could introduce this language into the bill, we would be happy." So I gave him a piece of paper with the language that I wanted to introduce into the bill.

The committee meeting started about 9:00 or 9:30 [a.m.], and sure enough, when that point in the thing came up, he read my words, and they became part of the bill.

Huth: But he didn't say it came from you?

Smillie: No. It came from him, but they were my words. They were very effective words, and I was just delighted because--

Huth: Something about you must have impressed him.

Smillie: Well, we were both doctors, and he was impressed with some of my clinical experience, and so forth, and my background, and I guess he felt that I was honest. See, your integrity as a lobbyist, and your truthfulness, is terribly important. If they suspect you of doing anything that's false, then you might as well give up. So he respected my integrity--

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An interest group can actually get into legislation. It isn't all designed by the staff of Congress, or the congressmen, or the senators themselves. It's impressive, and worthwhile, and satisfactory. It has been a great personal satisfaction to me that I have, in my life, made contributions to our legislative efforts.

Huth: Those are permanent or fairly permanent contributions that you made.

Smillie: Yes.

XI OVERVIEW: SPECIAL FRIENDS, AND PROGRAM CHALLENGES AND RESPONSE

Friendship With Dr. Sidney Garfield

Smillie: Okay. We're down to challenges and program response.

Huth: One thing that I would like to ask you about before we go into that, is your friendship with Sidney Garfield, and with his wife, Virginia, and what you can tell me about him as a boss. What were your impressions?

Smillie: I only saw Virginia once, at a party at Sid and Virginia's house shortly after I was recruited in 1949. I think it was less than a year after that that Virginia and Sid separated, and eventually divorced. Virginia died too early as a young woman, and that's all I know about that. Sid's friend, Paul Steil, essentially took care of her needs after the divorce.

Huth: In what way did he look out for her?

Smillie: Financially, and with housing, and that sort of thing, and as a friend.

Huth: Out of his own funds?

Smillie: No. I think out of funds that Dr. Garfield provided. Dr. Garfield then moved in with the Cuttings, and lived with them as a bachelor. And I saw him occasionally that way. He would come to our house for dinner and for an evening of conversation, which often lasted until two or three o'clock in the morning. We all stayed up. As I told you before, he did co-sign a note--

Huth: You didn't tell me on--

Smillie: We didn't get it on tape?

Huth: No.

Smillie: Shortly after I came to the group, he co-signed a note so that I was able to repay Dr. Newell Jones the money that I had borrowed from him. I borrowed the money from a bank, and he co-signed it. So in that sense we were friendly, but we were not close companions or friends in that sense. It was mostly a professional friendship rather than a personal friendship, although he was always very warm and cordial to me.

Huth: Do you want to say some more about Dr. Garfield?

Smillie: I don't know. Maybe you'll find out about his marriage to Ale Kaiser's sister, Helen Peterson. Did you know that Sid Garfield had some--and Dr. Garfield would have been the best one to tell you about this--he had some great difficulties. He eventually married Ale Chester Kaiser's sister. Her name was Helen Peterson. I guess she'd been married before. Helen was and is a very charming, lovely individual. Ruthie and I just love her! She's a wonderful person.

But they moved into a house next door to Henry J. and Ale in Lafayette. And so, essentially, Sid was Mr. Kaiser's brother-in-law. Although Mr. Kaiser and Sid had a close relationship, with the Walnut Creek episode--the hospital--and the Tahoe episode, and the things leading up to the Tahoe episode, Sid must have gone through an enormous internal conflict. He didn't agree with Mr. Kaiser, and he didn't agree with the way Mr. Kaiser wanted to treat the doctors. He agreed with Mr. Kaiser on some things, but not others.

He was caught in the middle between the doctors and Mr. Kaiser, and he was crushed by that.

Huth: Do you think he felt personally crushed by it?

Smillie: Yes. And as a result of the Tahoe agreement, he really lost all his authority, or not all his authority, but much of his authority.

Huth: Most of it?

Smillie: Yes. Most of it. That to me was the true tragedy of the Tahoe thing. It was Sid losing. But he wasn't a good manager. As we've said, he managed by the informal means, so there probably needed to be a change.

Relationships With the Medical Associations

Huth: I also have a question about the relationships with the American Medical Association. How was it for the doctors at San Francisco? Were there ever any problems that you ran into in San Francisco with the local society, or with the state or national associations?

Smillie: Yes, that was kind of interesting. About a year after I came to San Francisco, I applied for membership in the San Francisco County Medical Society. Their routine then was that you had to attend three orientation meetings, at which different doctors came and spoke to you about your responsibilities of being a doctor, and responsibilities to other doctors in the society, and so forth. That kind of thing.

I attended all three of those meetings, and then when the time came for a vote on my membership, I failed to get elected to membership in the society, so I demanded an explanation for this vote. The explanation was that each individual member of the board voted his conscience, and the ones that voted against me weren't known because it was a secret ballot. I would have to go to each one of them to find out why they voted against me, if they did.

Huth: How many were there?

Smillie: There were, I think, eleven members of the board at that time. I didn't choose to go around and do that. For a while I let the matter drop, but I think Dr. Cutting and Dr. Collen didn't want to let the matter drop. The matter got to the attention of Mr. Henry Kaiser, Sr., who was all for fighting the thing.

No, excuse me, he wasn't the one who wanted to do battle. It was other people who wanted to do battle. Mr. Kaiser was essentially the peacemaker. He wanted to do it a different way. Anyhow, the relationship between Mr. Kaiser and the AMA is all written up in the book, Kaiser Wakes the Doctors, by Paul de Kruif.

Huth: Yes, I've read that.

Smillie: Okay, that whole story. But I think I was one of the indicator cases that they were talking about at that time. I remember I was sick with pneumonia at the time, and they wanted to have a meeting with Mr. Kaiser to go over my case. So I got up out of my sick bed and went down to 1924 Broadway where our office was. I didn't really have to say very much. I just said what had happened, just what I told you just now, that I failed to get the needed number of affirmative votes.

Smillie: After Dr. Collen came to San Francisco, none of our doctors in San Francisco who had applied for membership in the society were elected. They all failed to get elected for the same reason: the secret vote blackballing system of voting.

Dr. Collen started a liaison with the president of the board of directors of the San Francisco County Medical Society at that time, a Dr. Sam Sherman. The liason consisted of one subject, malpractice. Because of the antagonism of the doctors of the society against the Permanente doctors, and vice versa, it was feared that if a malpractice suit came up, the county society doctors were afraid that our doctors would testify maliciously against them. We were afraid that the county society doctors would testify maliciously against us. So we felt that we had something in common.

There was a committee from the society and our Permanente chiefs of the major services. Those were: medicine, surgery, obstetrics, and pediatrics. We met periodically with this committee from the county society. They soon found out that we were human beings like they were, and so they said, "Maybe it's time for you fellows to apply again." So I applied again, and lo and behold, I was elected.

Huth: Do you remember what year you were elected?

Smillie: Oh, this was about four years later. This would have been about 1955, I guess.

Huth: So it was about '51 when you were first refused.

Smillie: Yes.

Huth: That's interesting. I'm glad we came back to that. Were there any problems for the wives because of the doctors not being members of the medical society?

Smillie: Yes. Wives felt socially ostracized. Early on, the wives of the Permanente Medical Group organized themselves into a Permanente Wives Association, which had a nickname, "Garfield's Girls." They had business meetings, and they had a newsletter. Ruthie was the editor of the newsletter for a while.

Huth: So she was a member of Garfield's Girls?

Smillie: Yes. They had dances, and parties, and picnics, and social outings several times a year that were really a lot of fun. So we had our own internal medical auxilliary, really. These wives became very close, and they still are, the ones that were close then. Ruthie

Smillie: remembers a lot of the former Garfield Girls. It doesn't exist now, but those people who did belong to that group originally were very close. Millie Cutting, Dr. Cutting's wife, I wish she was on your list of people to tape because she knows a lot about this organization, and she was very involved in its activities. Informally and unpaid she helped recruit doctors, find housing for them, and orient them to the organization. She drove a truck between Richmond and Oakland, and delivered supplies. She acted as a one woman volunteer service in the hospitals. She was an enormous person, just absolutely fabulous! In those early days, she was wonderful, in addition to providing room and board when he [Dr. Garfield] was a bachelor, in between wives.

Representing the Doctors in the Central Office: The Relationship With Dr. Clifford Keene

Huth: Could you tell me anything about your relationship with Dr. Keene?

Smillie: Yes, this was a standoffish kind of relationship, actually, until I interviewed him for my history book. Dr. Keene was never popular with the doctors. He was brought in to succeed their hero, Dr. Garfield, and to be president of the plan, and so forth. And he represented the health plan and hospitals, and not the doctors. They didn't want him to represent the doctors. They made it very clear to him. And in all the speeches that he gave, he made it quite clear that there was only one Kaiser doctor, and that was Clifford Keene. Everybody else was a Permanente doctor.

Huth: So he understood where he stood.

Smillie: He understood where he stood with the doctors. Dr. Kay was particularly vitriolic and antagonistic to Dr. Keene.

Huth: Do you know what the reason might have been?

Smillie: Because he replaced Dr. Garfield.

You know, Dr. Kay had been through those early days as a fellow resident with Dr. Garfield at the Los Angeles County General Hospital. They were bosom buddies, and he was hurt and unhappy about Dr. Keene. He didn't want him to have the job. Dr. Kay still has strong feelings that a doctor should not be working in the Central Office. That's a job that I got later, after I left Washington, as I went to work representing the regional medical directors as their liaison in the Central Office. I don't think you have that--

Huth: No, I don't have that. Will you please tell me something about that?

Smillie: I spent a year. But the southern California group--Dr. T. Hart Baker, and Dr. Kay--didn't want me to take that job. And they didn't want me to be offered that job in the Central Office because they just didn't think there should be a doctor in the Central Office, representing doctors. In truth, I did represent doctors, but only through the medical directors of the regions. I was responsible to the medical directors of the regions. I was paid by every region in proportion to their total memberships, so most of my--

Huth: Were you the first one they paid that way?

Smillie: I was really the first inter-regional doctor, first in that my job in Washington was an inter-regional job, and I was paid by all six or seven regions. And then there was my job in the Ordway Building in Oakland, as liaison with the health plan and the hospitals.

Huth: What years were you there?

Smillie: I started in January, '80, and finished in October, '81. I think that was it--in the Ordway Building. It was about a year. It wasn't really that long, about a year.

Huth: Did someone replace you, so that job is still being filled?

Smillie: Yes.

Huth: You really started that.

Smillie: I started that job.

Huth: And what was the title? What was your position?

Smillie: I was the inter-regional representative of the Permanente medical groups in the Central Office. That's a long title. Dr. Paul Lairson succeeded me in that job, Dr. Lairson.

Huth: Where did he come from? Do you know?

Smillie: He was the regional medical director in the Texas region. Dallas, Texas. He still holds that job.

Organization of the Central Office

Huth: Can you tell me anything about what you think of the organization into a Central Office, and what that has accomplished?

Smillie: Originally, at the time of the Tahoe agreement, it was really made quite clear that each region would have autonomous management. Southern California would manage its affairs its way, and northern California could manage its affairs its way.

The Central Office had three functions: One was finance--getting capital, borrowing capital, and that sort of financing. The second most important was government relations. And the third one had to do with the socio-economics of care, the philosophy of medical care management, and that sort of thing.

Huth: And is this the medical care delivery system that Dr. Cutting is working on?

Smillie: No. No, that's something that Mr. Arthur Weissman initiated. They kept track of statistics, what we did, and how we did it, and so forth, and how that fit into the general pattern of medical care being delivered all across the country. The government relations was under Mr. Erickson, and the finance was under somebody who was there before, Mr. Karl Palmaer, who runs that now.

Well, Dr. Keene was very sensitive to this regional autonomy of management, and honored it, and so forth. Since Mr. Vohs has succeeded Dr. Keene as president and chairman of the board of directors of the Kaiser Foundation Health Plan and Hospitals, things have been gradually changing. The regional managers all report to Mr. Vohs.

So Mr. Vohs has assumed more and more line authority over the regional managers. And this is one of the reasons that my job in the Ordway Building was conceived--because, again, the line management decisions from the Central Office that were coming down to the regional managers were then communicated to the medical directors without ever having any opportunity of knowing about these things or having input into those line management decisions.

So they wanted a doctor who would represent the medical group actively working in the Central Office, to find out what was going on and to communicate that back to the medical directors, so they could have input before a decision about line items was made. That's essentially the job right there.

I kind of resent the loss of the regional autonomy because I think it cuts down innovative changes in what we do and how we do it. That--some of the regions need to have because they're meeting different conditions than the northern California and southern California regions are meeting.

Growing Competition From New Health Maintenance Organizations (HMOs)

Huth: You told me quite a bit about HMOs, but there is something else. Now there is growing competition as more and more HMOs come in because of the legislation that you helped get passed. What do you foresee as the future for the Kaiser program with this new competition that's coming in? Many doctors are going to work for the new HMOs.

Smillie: There are several levels of this. On the national level, I think we're in a position now where we can no longer modify the environment that we live in like we did with the government relations activity. The competition environment is going to develop on its own. There's lots of money now for HMO development. It's private money, investor money. New ideas and new concepts in the delivery of care are arising very rapidly, and they're being marketed very effectively.

Kaiser Permanente is going to be at a disadvantage, I think, unless they become more flexible in their approach to the organization of the delivery system itself. There are lots of advantages to the Kaiser Permanente system, the one-stop shopping kind of thing where you go to the center, and everything is done there--all the specialists, the primary care, the x-ray, the lab, and you don't have to run around town to do things like that.

The collegial atmosphere of doctors working together in the same building is very good, but there are some new concepts in the delivery of care. For example, there is what I call the closed panel, independent practice association model, where the doctors are practicing at multiple delivery points around the city, so people don't have to go long distances to a center. They can go to a neighborhood doctor to get their primary care. These plans can start up, and they can start marketing with multiple delivery points on day one.

The plan doesn't have the expense of constructing a new clinic building, and the capital expenditure, because that's already done. The doctors have their offices. The break even point, from working in the red and getting enough members to work in the black, is much smaller for such plans, and they can market effectively and beat us. And, I think, at the present time, we're not running head on into competition with any of these type plans yet. But we will, and it's going to be a very difficult situation.

Huth: It looks as if it could be fairly soon because there's been gigantic growth in just one year, this last year.

Smillie: Mrs. Huth, things are moving so fast that in the last eighteen months, I think they've moved faster in that period of time than they have in the previous ten years. These changes are just unbelievable and remarkable. Kaiser is a huge bureaucracy now, and the decision making process is enormously cumbersome. And it's going to be very difficult, I think, for the plan to compete effectively unless it does something about regional autonomy.

I think regional autonomy being reinstated so that a plan can have the flexibility to set whatever kind of plan it wants to in its region--organize its system in any way that it wants to--is going to be necessary. I'm alone in this though, by the way. Well, I'm not totally alone. I think I have some people in the program who agree with me, but I have some very powerful opponents, too.

I'm still trying to give advice, even though I'm retired, but I'm not sure that they're listening to me.

XII THE RETIREMENT YEARS: AN ACTIVE LIFE IN CARPINTERIA, CALIFORNIA

Huth: I want to be sure we get to your retirement years, and what you're doing now.

Continuing Consulting, the Avocado Ranch, and Civic Activities

Huth: Are you doing some consulting?

Smillie: This is how I learned about these plans (HMOs) because I do qualification site visits for the [Federal] Office of Health Maintenance Organizations. I'm still a consultant for that office that I worked for in 1974-75. I've never given up my consultant status with them, and so I do qualification site visits. I've done site visits on six of these plans that I've just described to you.

I'm very impressed with their effectiveness, and they're growing very rapidly. The plan in Philadelphia, for instance, grew 115,000 members in one year. That's very similar to the growth of the Kaiser Permanente organization in northern California during its maximum growth years. And they started from a much larger base.

A plan in New Jersey went from 3,000 to 60,000 in one year, and went from the smallest plan in New Jersey to the largest plan in one year, just outstripping a group practice model that's based on the Kaiser Permanente model in Rutgers, New Jersey, that was previously the largest plan. They are way, way ahead of them now. That's why I say, "There's trouble in River City" ahead. [laughter]

Huth: Will you please tell me something about your wife's activities over these years?

Smillie: My wife runs this avocado orchard here, that we live on--it's about three and a half acres, and this house. And those are mainly her--

Huth: This keeps her very busy.

Smillie: She's very busy.

Huth: And you have approximately five acres here?

Smillie: Five acres of which three and a half are avocados. About an acre is in house grounds. And then there's a river that runs through our property. It's Carpinteria Creek. It takes up the other half acre. I also--I have to tell you--I'm doing surveys, medical surveys, for the Knox-Keene Act. Since I helped write the regulations for Knox-Keene, I'm probably one of the most knowledgeable doctors in the state of California about Knox-Keene regulations. So I do medical surveys on health service delivery--

Huth: Is that in particular locations in California?

Smillie: All over the state. All over the state of California. So I do that. I do some work for the county of Santa Barbara in the quality assurance activities. I am active in the local Lions' Club in Carpinteria, and I'm a member of the board of directors of the local Carpinteria Historical Society. So those are my retirement activities.

Huth: There were a couple of other things. One had to do with research and technology in Kaiser. How important was that, or is that a growing thing?

Smillie: That's a whole new tape, and I'm not the one to give it to you. Dr. Collen is the best authority for that.*

Huth: And I think we've talked about everything else except the high cost of medical care these days.

Smillie: I think it's going to be blunted. I think it may already be blunted. I read in the paper night before last a statement that was made by Caroline Davis, who's the director of the health care and financing administration for Medicare. She said that the annual rate of inflation had been double digit for years in Medicare costs. And last year it was 3.8%, which is only slightly above the normal inflation for the year.

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*Collen interview, Regional Oral History Office.

Smillie: So that is an enormous change. And they believe because of that, that the Medicare trust funds will last until the late 1990s, instead of the mid-1990s.

Huth: Totally revised, then.

Smillie: Yes, totally revised.

Huth: Thank you for the interview.

Transcriber: Michelle T. Anderson

Final Typist: Shannon Page

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Appendix

CURRICULUM VITAE

John G. Smillie, M.D.
Physician Representative in the
Central Executive Offices
Kaiser Foundation Health Plan, Inc.,
and Kaiser Foundation Hospitals

retired 1977 no longer applicable

Office and mailing address: One Kaiser Plaza, 27th Floor
Oakland, California 94612

Office Phone: 415/271-6322

Home Address: 6333 Casitas Pass Road 805/684-1615
Carpinteria, California 93013

Date and Place of Birth: April 27, 1917; Eaton, Colorado

Married: 1940 Ruth Bliss Smillie 4 children

Education:

Pre Medical School:	University of California at Los Angeles B.A. degree, 1938
Medical School:	University of Southern California M.D. degree, 1943
Internship:	Los Angeles County Hospital, 1942-1943
Residency:	Pediatrics: Los Angeles County Hospital, 1946-1948
Participant:	Program for Health Systems Management, Harvard Business School, 1974

Appointments:

KAISER-PERMANENTE MEDICAL CARE PROGRAM:

Staff Pediatrician, The Permanente Medical Group, San Francisco, 1949-1977.

Physician-in-charge, Utah Permanente Hospital, Dragerton, Utah March through June, 1952.

Chief, Department of Pediatrics, The Permanente Medical Group and Kaiser Foundation Hospital, San Francisco, 1954-1961.

Assistant Physician-in-Chief, The Permanente Medical Group and Assistant Chief of Staff, Kaiser Foundation Hospital, San Francisco, 1957-1961.

Physician-in-Chief, The Permanente Medical Group and Chief of Staff, Kaiser Foundation Hospital, San Francisco, 1961-1971.

Assistant to the Executive Director, The Permanente Medical Group, May 1971-July 1977.

(continued)

Member and Secretary of the Executive Committee, The Permanente Medical Group, 1966-1975.

Representative of the Permanente Medical Groups in the Government Relations Offices, Kaiser Foundation Health Plan, Inc., Washington, D.C., July 1977 to October 1980.

OTHER HEALTH CARE AND MEDICAL ORGANIZATIONS:

Member of American Hospital Associations' Council on Physicians, January 1, 1977 to December 31, 1979.

Member of the California Medical Association Commission on State Legislation, 1977.

Group Health Association of America
- Member, Board of Directors 1971-1981
- Chairman, Committee on Standards for Member Health Plans, 1972-1973
- First Vice President, 1972-1974
- President, 1974-1976
- Chairman, Board of Directors, 1976-1978
- Chairman, Membership Committee 1979-1981
- Member, Executive Committee, Medical Directors' Division 1980-1981

American Group Practice Association
- Member Prepaid Medical Care Committee, 1971-1972
- Trustee, 1972-1975
- Secretary-Treasurer, 1975-1976
- Member, Government Relations Committee 1977-1981

Member of Board of Regents, Institute For Professional Standards, Stockton, California, 1975 to 1976.

Member of Advisory Council, Caldwell Esselstyn Foundation, New York City, 1975 to present.

Consultant on Group Practice, Prince Albert Medical Group, Prince Albert, Saskatchewan, Canada, September, 1962.

Consultant, Neighborhood Medical Center; Harold Wise, M.D., Director, Bronx, New York, 1966.

Consultant, America Health Education for African Development, Inc., (AHEAD). Organization of Group Practice in Freetown, Sierra Leone, February 1968 to May 1968.

GOVERNMENT SERVICE:

U. S. Army Medical Corps, July 1943-January 1946.

(continued)

Consultant, H.M.O. Office, Bureau of Community Health Services, HEW, Rockville, Maryland, November 1974 through June 1975, and February 1978 through February 1979.

Member of the Health Care Service Plan Advisory Committee of the Department of Corporations--State of California, 1976 to 1979.

Licensure and Certification:	Licensed to practice medicine, California, since 1943 Certified, American Board of Pediatrics, 1954
Memberships:	Fellow, American Academy of Pediatrics, 1954 San Francisco Medical Society California Medical Association American Medical Association American Public Health Association, Medical Care Section Group Health Association of America American Group Practice Association Commonwealth Club, San Francisco

March 9, 1981

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Ora Huth

Graduated from the University of California, Berkeley, in 1943 with an A.B. degree, and in 1947 with an M.A. degree in fine arts. From 1943-1945 served in the U.S. Marine Corps at Arlington, Virginia. Taught art in the Vallejo Unified School District, 1947-1956.

Postgraduate Researcher, Assistant Specialist, and Research Associate and author specializing in governance of the San Francisco Bay Area and the California coastline for the Institute of Governmental Studies, University of California, Berkeley, 1968-1985. Research Associate, ABT Associates, Inc., Cambridge, Massachusetts, to study the San Francisco Redevelopment Agency for U.S. Department of Housing and Urban Development (HUD), 1978-1979. Legal research for Oakland family law attorney, 1975-1984.

From 1956 to date active in community affairs as member and past chairperson, City of Berkeley Waterfront Commission; as president of the League of Women Voters of Berkeley: and as director, officer, and chairperson of studies of regional government, land use, and general program planning for the Leagues of Women Voters of California, of the Bay Area, and of Berkeley.

Employed, 1983, as interviewer on numistics, soil chemestry, and medical care topics for the Regional Oral History Office.

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